

Designation No. 882

CASE NO. 09-10023 (REG)
IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

LYONDELL CHEMICAL COMPANY, et al.,

Debtors.

OFFICIAL COMMITTEE OF UNSECURED CREDITORS, on behalf of The Debtors'

Estates

Plaintiff,

v.

CITIBANK, N.A., LONDON BRANCH, CITIBANK INTERNATIONAL PLC, CITIGROUP GLOBAL MARKETS INC., DEUTSCHE BANK TRUST COMPANY AMERICAS, GOLDMAN SACHS CREDIT PARTNERS, L.P., GOLDMAN SACHS INTERNATIONAL, MERRILL LYNCH, PIERCE, FENNER, & SMITH INC., MERRILL LYNCH CAPITAL CORPORATION, ABN AMRO INCORPORATED, ABN AMRO BANK N.V., UBS SECURITIES LLC, LEONARD BLAVATNIK, AI CHEMICAL INVESTMENTS LLC, NELL LIMITED, ACCESS INDUSTRIES, INC., ACCESS INDUSTRIES HOLDINGS LLC, AI INTERNATIONAL, S.A.R.L., DEUTSCHE BANK SECURITIES, INC., PERELLA WEINBERG PARTNERS LP, DAN F. SMITH, CAROL A. ANDERSON, SUSAN K. CARTER, STEPHEN I. CHAZEN, TRAVIS ENGEN, PAUL S. HALATA, DANNY W. HUFF, DAVID J. LESAR, DAVID J.P. MEACHIN, DANIEL J. MURPHY, WILLIAM R. SPIVEY, MORRIS GELB, T. KEVIN DeNICOLA, EDWARD J. DINEEN, KERRY A. GALVIN, JOHN A. HOLLINSHEAD, JAMES W. BAYER, W. NORMAN PHILLIPS, C. BART de JONG, RICHARD FLOOR, R. KENT POTTER, LINCOLN BENET, LYNN COLEMAN, PHILIP KASSIN, ALAN S. BIGMAN, KEVIN R. CADENHEAD, CHARLES L. HALL, FRANCIS P. MCGRAIL, RICK FONTENOT, MICHAEL P. MULROONEY, KEVIN E. WALSH, JOHN FISHER GRAY, GARY L. KOEHLER, SIMON BAKER, DAWN SHAND, BERTRAND DUC, LEVERAGESOURCE III S.A.R.L., individually as a holder through purchase obligations under that certain Senior Credit Agreement dated as of December 20, 2007 between, inter alia, Citibank N.A., administrative agent and certain Debtors (the "Senior Credit Facility"), and as Class Representative for all other holders through purchase of obligations under the Senior Credit Facility, and BARCLAYS GLOBAL INVESTORS, N.A., individually and as Class Representative for all of the holders of Lyondell Common Stock who received proceeds from the consideration in payment for the purchase of their respective shares in connection with the acquisition of Lyondell Chemical Company by Basell AF S.C.A.
Defendants.

EXPERT REPORT OF CHRISTOPHER J. KEARNS

Table of Contents

I. Introduction and Qualifications	4
II. Summary of Opinions and Conclusions	5
III. Background	10
A. Legacy Lyondell	11
B. Legacy Basell	13
C. The Acquisition	15
IV. Approach to Solvency Analysis.....	17
V. Balance Sheet Solvency Test.....	18
A. The Balance Sheet Test Based on TIC.....	20
i. The Income Approach.....	20
ii. The Market Approach – Guideline Company Method.....	23
iii. The Market Approach – Comparable Transactions Method.....	28
iv. Reconciliation and Conclusion Under the Balance Sheet Test Based on TIC	30
VI. Analysis of Adequate Capital	31
VII. Ability to Pay Debts as They Came Due.....	48
A. The Budgeting and Forecasting Processes at Lyondell and Basell.....	50
B. Projections Utilized	55
C. Key Underlying Assumptions of the Projections.....	55
i. Margins.....	56
ii. Crude Oil Prices	63
iii. Synergies.....	64
D. Projections v. Industry Analysts.....	67
i. Prospects for the Industries	67
ii. Anticipated Trough.....	68
iii. Crude Oil Price Expectations	69
iv. Lyondell Stock Price	69
E. The Projections v. 2007 Financial Results.....	70
F. Projections Reviewed by Third Party Industry Experts	73
VIII. Events of 2008 and LBI’s Actual Performance	77
A. Macroeconomic	79

i. Credit Market Shutdown.....	79
ii. Crude Oil Price Volatility	80
B. Industry	83
i. Drop off in Demand.....	83
ii. Performance of LBI's Peers.....	84
C. LBI Performance in 2008.....	86
i. Performance Through the 2008 Second Quarter.....	87
ii. Other Unanticipated Events	88
iii. Liquidity.....	89
IX. Right to Supplement	97
Index to Exhibits	98

I. Introduction and Qualifications

I have been retained by counsel for Citibank, N.A. ("Citibank") in its capacity as former administrative agent for the Senior Credit Facility and Merrill Lynch Capital Corporation, in its capacity as administrative agent for the Bridge Loan Facility, both as defined below, (the "Administrative Agents"), on behalf of counsel for ABN Amro, Inc., ("ABN AMRO") UBS Securities, LLC, ("UBS") Goldman Securities International, Goldman Sachs Credit Partners, L.P., (together with Goldman Sachs International, "Goldman Sachs," and collectively with ABN AMRO, Citibank, Merrill Lynch and UBS, the "Lead Arrangers"), Leverage Source III S.á.r.l., and the Ad Hoc Group of Senior Secured Lenders and for the benefit of certain present and former officers and directors of Lyondell Chemical Company.

I am a Certified Public Accountant, a Certified Insolvency and Restructuring Advisor, a Certified Turnaround Professional, and a Certified Fraud Examiner (inactive). I have over 30 years of broad-based financial experience as an auditor, corporate officer and, for approximately the past 18 years, as an advisor or crisis manager in bankruptcy and turnaround matters.

I am one of the founding members of Capstone Advisory Group, LLC ("Capstone"), a financial services consulting firm, founded in January 2004, which provides services to a vast array of businesses. The services provided by Capstone include consultation in business turnaround and restructuring situations, workouts and reorganization, bankruptcy matters, crisis management, transaction advisory and due diligence services, forensic accounting, valuation, and litigation support. Prior to co-founding Capstone, from 1991 to 2004, I was a senior managing director of FTI Consulting, Inc. ("FTI") (and predecessor firms) and was co-leader of FTI's New York office. My experience and client assignments during that period were substantially similar to the assignments I have performed at Capstone.

Prior to 1991, I was employed by Bristol-Myers Squibb Company for approximately three years (including serving as Assistant Corporate Controller) and a major international public accounting firm for ten years in the mergers and acquisitions group and in the audit practice. I have served as a testifying expert

witness in matters concerning solvency, valuation, contract breach, lost profits and various financial/business issues in bankruptcy and restructuring. I have served as a principal financial advisor in complex bankruptcies and restructurings. A copy of my curriculum vitae is attached hereto as Exhibit A.

I have considered various documents in the preparation of this report, and I have attended several interviews of former management. A list of those documents and interviews is attached hereto as Exhibit B. I have also relied upon reports prepared by other experts in this matter, including Thomas O'Connor ("O'Connor" or the "O'Connor Report") and George Intille ("Intille" or the "Intille Report").

Additionally, I have relied extensively on the knowledge and experience that I have gained through consultancy and work experience including the areas of business turnaround and restructuring situations, out-of-court workouts, bankruptcy matters, crisis management, transaction advisory and due diligence services and litigation support.

My current billing rate for this assignment is \$710 per hour. I was assisted by others at Capstone, who worked at my direction and under my supervision.

II. Summary of Opinions and Conclusions

I have been asked to address the following questions regarding the theories and assertions in the Committee's Complaint.¹

On or about December 20, 2007:

1. Did the fair value of LyondellBasell Industries AF S.C.A. ("LBI" or the "Company") assets exceed its debts, on a consolidated basis?
2. Did the Company have an adequate amount of capital for the operation of the business in which it engaged?
3. Did the Company have the ability to pay its debts as they came due?
4. Were the financial projections, prepared in connection with the October 2007 Confidential Information Memorandum ("CIM"),² on which the syndication process to finance the Acquisition (as defined in Section III)

¹ The "Complaint" refers to the Complaint filed in this matter, by the Official Committee of Unsecured Creditors (the "Committee"), dated July 22, 2009.

² LYO-UCC 00121357 – 00121442.

was based (the "Projections") (i) prepared in a reasonable manner, and (ii) based on underlying assumptions that were reasonable at the time?

5. Were the economic, industry, and company-specific events that negatively impacted the performance of LBI in 2008 reasonably foreseeable at the end of 2007?

In my opinion:

1. The fair value of LBI's assets exceeded its debts, on a consolidated basis, as of December 20, 2007.³ My valuation analysis, which is based on an income approach and a market approach considering various appropriate metrics, demonstrates that the fair value of LBI's total invested capital ("TIC"), on a going concern basis, exceeded its debts by approximately \$8.5 billion. A summary of the results of my valuation analysis is shown below.

<i>(\$ in millions)</i>	Indicated FMV of TIC	Weight	Weighted Value
Market Approach - Guideline Companies	\$ 33,100	20%	\$ 6,620
Market Approach - Comparable Transactions	37,400	20%	7,480
Income Approach - Discounted Cash Flow	32,000	60%	19,200
		100%	33,300
Indicated Fair Market Value of TIC			33,300
Less: Total Debts			24,828
Fair Market Value of TIC in Excess of Debts			\$ 8,472

As discussed in Section V, I generally used conservative assumptions when I was required to use judgment in my valuation analysis.

2. LBI had adequate capital with which to operate its business as of December 20, 2007, after considering underlying business assumptions that were based on conditions and events reasonably foreseeable at the time.

³ See Section IV for definition of fair value, as used in my report.

- a. The combined capital structure created as a result of the Acquisition included Access Industries' ("Access") equity in Basell AF S.C.A.'s ("Basell") (see Section III), which was substantial.
 - b. Stress tests of the Company's capital structure – performed contemporaneously by various parties and based on my independent analysis – indicate that LBI was adequately capitalized to meet financial needs arising from events that were reasonably foreseeable at the time.
 - c. A portion of LBI's capital was ostensibly earmarked for acquisitions to which Basell was committed; conversely there also was a similarly sized "accordion" feature as part of the asset based loan facility structure intended to address potential post-closing increases in liquidity needs likely related to commodity prices.
 - d. The loan agreements contemplated a basket for additional permitted indebtedness of \$750 million. In late 2007, it would have been reasonable to assume ongoing capital support, if/when necessary, from the equity sponsor, Access. Ultimately, the sponsor did, in fact, put in place a revolver (the "Access Revolver") for \$750 million.
3. The Projections (see Section VII), on which the capital structure of the combined companies was based, indicate that LBI had the ability to pay its debts as they came due.
 4. The Projections (i) were prepared in a reasonable manner, and (ii) utilized underlying assumptions that were based on events that were reasonably foreseeable at the time.
 - a. The Projections were created based on a management process that included appropriate executive oversight and product line specific managerial input, incorporating appropriate corporate planning and financial disciplines.
 - b. Prior to the Acquisition, the Projections were independently analyzed by industry analysts Chemical Market Associates, Inc. ("CMAI") and Turner Mason & Co. ("Turner"), engaged by an affiliate of Basell and

Lyondell, respectively, for their own purposes and for the benefit of the Lead Arrangers.⁴ The analyses undertaken in late 2007 by CMAI and Turner indicated that the Projections, on an overall basis, were reasonable and, for the petrochemical business, were conservative.

- c. O'Connor concluded that the earnings before interest, taxes, depreciation and amortization ("EBITDA") and margin assumptions, upon which the refinery projections were based, were reasonable based on market conditions that existed at the time.⁵
 - d. Intille concluded that the Projections, as they relate to the petrochemicals segment, were reasonable based on the product demand growth, crude oil price forecasts and GDP projections available at the end of 2007.⁶
 - e. The Projections appropriately included estimated synergies that were based on reasonable analyses by the management teams, considering factors such as staffing reduction, rationalization of corporate services, purchasing leverage, manufacturing best practices and optimization of the product portfolio.
 - f. The Projections appropriately considered the Company's historical financial and operational performance.
5. The economic environment, industry and company-specific dynamics in the 2008 second half were radically different from those in 2007 as a result of a confluence of events that could not reasonably have been foreseen at the time of the Acquisition:
- a. LBI was performing substantially in accordance with its EBITDA plan through July 2008, despite rising crude oil prices and before the onset of various significant unanticipated events which negatively impacted the Company's operating performance and liquidity in the 2008 second half.

⁴ LYO-UCC 00310711 – 00310722 and GS_LYON00009745 – 00009747.

⁵ O'Connor Report, Chapter 4.

⁶ Intille Report, page 14.

- b. Demand for LBI's products virtually "fell off a cliff" in the 2008 fourth quarter (concurrent with severely negative macroeconomic factors that affected the global economy and a shutdown of the credit markets), which is generally consistent with the overall performance of LBI's peers in the same period.
- c. Unprecedented and unforeseeable fluctuations in commodity pricing occurred, particularly in the 2008 second half. Crude oil rose to a peak of roughly \$145/barrel in July 2008 and then fell precipitously to almost \$30/barrel in December 2008. This unprecedented extreme volatility was (i) wildly different than related crude oil forward curves at any time in 2007, and (ii) was not forecasted by industry analysts in late 2007.
- d. Two hurricanes and a major industrial accident, which delayed the full restart of the Houston refinery for months, occurred in the 2008 third quarter, causing significant disruptions to LBI's refining and petrochemical operations and resulting in lost production in excess of \$500 million.
- e. O'Connor concluded that the events in 2008 were an unprecedented alignment of market, operational and natural events that were unforeseeable in the refining industry at the time of the Acquisition.⁷
- f. Intille concluded that the consensus petrochemical industry outlook at and around the time of the Acquisition was generally positive and consistent with realistic economic expectations for a successful Lyondell-Basell merger outcome.⁸ However, the precipitous crash in the global petrochemical industry was unforeseeable and was not forecasted by any industry participants, analysts or experts at the time of the merger of Lyondell and Basell.⁹

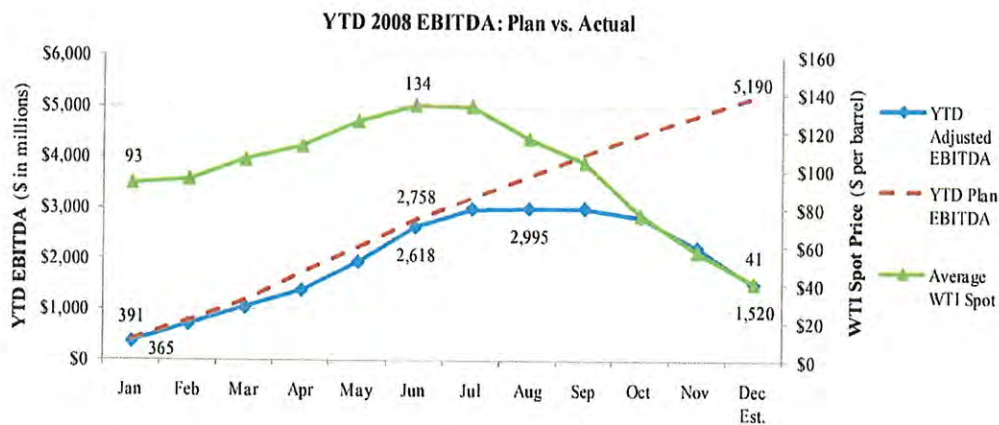
⁷ O'Connor Report, Chapter 5.

⁸ Intille Report, page 24.

⁹ Intille Report, page 34.

g. None of LBI's peer companies met, or even substantially met, 2008 expectations reflected in their related earnings outlooks as of late-2007, principally due to the 2008 second half conditions.

The following table summarizes the EBITDA performance and the crude oil price volatility discussed above.



Notes:

EBITDA from LyondellBasell 2008 monthly Controlling Reports (Trautz Exhibit 5).

Adjusted and Plan EBITDA exclude dividends from affiliates.

February EBITDAs calculated as average of month preceding and following.

Average monthly WTI spot prices (Cushing, OK WTI Spot Price FOB): Energy Information Administration (www.eia.doe.gov)

III. Background

LBI is a global manufacturer of fuels, chemicals and polymers with significant operations in crude oil refining, production of gasoline blending components and development and licensure of technologies for the production of polymers. On December 20, 2007, Basell acquired Lyondell Chemical Company ("Lyondell") for \$48 per share, or \$20.873 billion¹⁰ (\$7.5 billion of which was used to refinance then existing debt),¹¹ in a transaction pursuant to an agreement and plan of merger (the

¹⁰ Lyondell Chemical 10-K for the Fiscal Year Ended December 31, 2007, pg. 99.

¹¹ Excludes refinancing of intercompany debt.

“Acquisition”).¹² One of the key merits of the transaction was that a combination of Lyondell and Basell would create a more globally diversified company with decreased earnings volatility by allowing the new entity to operate in different segments of the petrochemical and refining industries. Additionally, it was believed that the newly merged entity would be well positioned to take advantage of the expanding Asian markets. See Section VII E for pro forma historical operating results and see Exhibit C for a business overview.

A. Legacy Lyondell

Lyondell was spun off from Atlantic Richfield Company in 1985. Through strategic acquisitions, Lyondell became the third-largest independent, publicly traded chemical company in North America.

Lyondell had three reportable segments: (i) ethylene, co-products and derivatives (“EC&D”), (ii) propylene oxide (“PO”) and related products (“PO & RP”), and (iii) refining, each of which is summarized below.

i. EC&D Segment

The EC&D segment accounted for approximately \$13 billion, or 42% of Lyondell’s revenue for the twelve months ended September 30, 2007.¹³ Segment operations were conducted through Equistar (other than acetyls) and Millennium (the acetyls portions of the EC&D segment), both wholly-owned subsidiaries of Lyondell. Ethylene is a key component for polyethylene and many other chemicals, plastics and synthetics. Ethylene and its co-products and derivatives are fundamental to the production of consumer products, packaging, housing and automotive components. In addition, this segment produced fuel products such as MTBE.

¹² In connection with the Acquisition, Lyondell sold certain non-U.S. subsidiaries to certain European subsidiaries of LBI.

¹³ Lyondell 10-Q for quarter ended September 30, 2007, Note 19 to the Consolidated Financial Statements; Lyondell 10-K for year ended December 31, 2006, Note 25 to the Consolidated Financial Statements. Total segment revenues (and associated percentages) are before intersegment revenue eliminations. September 30, 2007 represents the most current reported data available as of the Acquisition date.

ii. PO & RP Segment

The PO & RP segment accounted for approximately \$8 billion, or 26% of Lyondell's revenue for the twelve months ended September 30, 2007,¹⁴ and consisted of the production of PO, its co-products and PO derivatives. End uses for these products included polyester resins, anti-freeze, cosmetics and cleaners, solvents, adhesives, furniture, textiles, packaging, insulation and gasoline blending components.

iii. Refining Segment

The refining segment accounted for approximately \$10 billion, or 32% of Lyondell's revenue for the twelve months ended September 30, 2007,¹⁵ and was conducted through Houston Refining LP ("Houston Refining"), a wholly-owned subsidiary of Lyondell. Lyondell's refinery was a full-conversion refinery located in Houston, Texas, and refined heavy, high-sulfur crude oil. In August 2006, Lyondell acquired the remaining 41.25% interest in Houston Refining that it did not previously own from CITGO Petroleum Corporation ("CITGO") for \$2.5 billion.¹⁶

The refinery had the capability to process 270,000 barrels per day of heavy, high-sulfur crude oil. It produced products such as gasoline, jet fuel, ultra low-sulfur diesel fuel, heating oils, lube oils, carbon black oil, refinery grade propylene, petrochemical raw materials, sulfur, residual fuel, petroleum coke and aromatics. These products were sold primarily in bulk in large commodity markets. Lyondell had a supply contract with PDVSA Petróleo, S.A. ("PDVSA Oil"), which provided Lyondell with the majority of the crude oil used as a raw material for the Lyondell refinery. This supply agreement with PDVSA Oil was renegotiated in August 2006 to a market based contract, providing Lyondell the opportunity to increase margins on a per barrel basis (i.e. "crack spread"). My interviews with Dan Smith and Norm Phillips indicate that the change to a market-based contract and the production capability of the refinery were key factors in Lyondell's decision to acquire the remaining ownership interests.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Lyondell 10-K for the year ended December 31, 2006.

iv. Joint Ventures

The two largest Lyondell joint ventures ("JV") were 50/50 owned with Bayer and represented production of PO and its co-products (primarily styrene monomer) in the U.S. and Europe. Lyondell also had PO JV's with Sumitomo Chemicals in Japan and with ZRCC in China.

v. Discontinued Operations

In May 2007, Lyondell sold its worldwide inorganic chemicals business for \$1.3 billion. Lyondell reported operating losses from this segment of \$85 million in the year ended December 31, 2007 and \$550 million for the year ended December 31, 2006.¹⁷

B. Legacy Basell

Basell was formed in September, 2000 through a combination of businesses by BASF and Shell Chemicals. The two companies had an existing polyethylene joint venture, and they combined them with their respective polypropylene businesses. Access acquired Basell in August, 2005, and made a number of small acquisitions and divestitures.

Prior to the Acquisition, Basell had three business divisions: i) Polyolefins, ii) Advanced Polyolefins, and iii) Technology, which are described below.

i. Polyolefins Division

The Polyolefins division accounted for approximately \$14 billion, or 85% of Basell's revenue for the twelve months ended September 30, 2007,¹⁸ and consisted of the manufacturing and marketing of polypropylene and polyethylene. Basell was the world's largest manufacturer and marketer of polypropylene and the European leader, on a production capacity basis, in the manufacturing of polyethylene, the most widely used thermoplastic. Basell's Polyolefins division was organized on a regional basis into three main businesses: i) Polyolefins Europe, ii) Polyolefins North America, and

¹⁷ Lyondell 10-K for year ending December 31, 2007, Note 4 to the Consolidated Financial Statements.

¹⁸ Consolidated Interim Financial Statements Basell AF S.C.A. Third quarter and nine-months 2007 results, Note 12 to the Consolidated Interim Financial Statements (ML-2004-0033134 – ML-2004-033155); Basell Annual Report 2006, Note 10 to the Consolidated Financial Statements. All amounts are before intersegment revenue eliminations.

iii) Polyolefins International. End uses for the products in this division include consumer, automotive, extrusion coating and packaging.

End uses of Polyolefins Europe polypropylene products included consumer products, automotive battery casings and non-woven applications. The majority of polypropylene sales by volume was in the commodity grade segments, used in products such as film, fibers and housewares. Polyolefins North America primarily manufactured, marketed and sold polypropylene and focused on supplying a full range of polypropylene grades. Basell's wholly-owned polypropylene manufacturing facilities outside of Europe and North America included facilities in Australia and Argentina. Basell had five polypropylene joint ventures and one polyethylene joint venture, which comprised a large part of Basell's Polyolefins International business.

ii. Advanced Polyolefins Division

The Advanced Polyolefins division accounted for approximately \$2 billion, or 12% of Basell's revenue for the twelve months ended September 30, 2007.¹⁹ This division consisted of the manufacturing and marketing of polypropylene-based compounds, materials and alloys ("PCMAS"), customized polypropylene compounds and other specialty products. There were three main product lines, including PCMAS, catalloy process resins and PB-1 resins.

PCMAS represented the largest product line and consisted of specialty chemicals produced from polypropylene reinforced with additives, such as talc or glass fibers. PCMAS were primarily used in the automotive industry.

Catalloy process resins consisted of blends of different polymers. Its primary uses included modifying polymer properties in film applications and molded products; specialty films, geomembranes, and roofing materials; and the manufacture of automotive bumpers.

PB-1 resins consisted of butene based polymers. Primary uses included flexible pipes, resins for seal-peel film, film modification, hot melt and polyolefin modification applications and consumer packaging and adhesives.

¹⁹ Ibid.

iii. Technology Division

The Technology Division, which included licensing and sales of catalysts, accounted for approximately \$0.5 billion, or 3% of Basell's revenue for the twelve months ended September 30, 2007.²⁰ Basell was the world's leading developer and licensor of polyolefin process technologies.

iv. Joint Ventures

Basell had an interest in 11 joint ventures. Joint ventures enabled Basell to expand its customer base in new and rapidly growing markets. Additionally, according to Alan Bigman, joint ventures provided Basell with access to new distribution channels, which provided the Company with improved geographic access to advantaged feedstock, and which had begun to contribute cash flow through dividend payments. Joint ventures were especially important to Technology and R&D. This segment developed and licensed leading polyolefins process technologies. Basell had licensed these technologies to joint ventures in high growth regions to broaden their global reach. The largest of Basell's joint ventures are as follows:

- **Basell Orlen Polyolefins Sp.** is a 50% joint venture with PKN Orlen, which had an annual capacity of 800 million pounds of polypropylene and 1.035 billion pounds of low-density polyethylene.
- **The Saudi Ethylene & Polyethylene Company Ltd. (SEPC)** is a 25% owned JV with Tasnee and Sahara Olefins Company that is located in Riyadh, Saudi Arabia and produces polyethylene. The JV was created to take advantage of its close proximity to feedstocks as well as growing demand in the Middle East and Asia.
- **HMC Polymers Company Ltd.** is a polypropylene facility that is 29% owned and is located in Bangkok, Thailand.

C. The Acquisition

A timeline of significant events leading up to the Acquisition is presented in Exhibit W. The Acquisition was funded with \$20.8 billion of debt (\$7.5 billion of

²⁰ Ibid.

which was used to refinance then existing debt),²¹ and further capitalized by Access' equity in Basell. In its April 10, 2007 presentation to Access' executive board, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") estimated the equity value of Basell to be in the range of \$3.9 billion to \$4.6 billion.²² The following chart provides a summary of the sources and uses of cash for the Acquisition.²³

<u>LBI Acquisition - Sources and Uses</u>	
<u>Sources</u>	<u>(\$ in millions)</u>
Cash	\$ 64
ABL Facilities	1,235
Revolver	130
Term Loan A	2,000
Term Loan B	9,444
Senior Secured Second Lien Bridge/Senior Notes	8,000
Total Sources	<u>\$ 20,873</u>
<u>Uses</u>	
Purchase of Equity @ \$48 per share	\$ 12,371
Refinancing of Existing Debt	7,506
Transaction and Other Costs	996
Total Uses	<u>\$ 20,873</u>

(Source: Lyondell 10-K for December 31, 2007)

At closing, LBI had approximately \$2.3 billion of available liquidity, comprised of \$1 billion of cash plus approximately \$1.3 billion in undrawn credit facilities²⁴ (\$508 million of availability under a \$1 billion Inventory Asset Backed Loan ("Inventory ABL") and \$850 million of availability under a \$1 billion revolving

²¹ Excludes refinancing of intercompany debt.

²² LYO-UCC00012573.

²³ Lyondell Chemical 10-K for Fiscal Year Ended December 31, 2007, and CITI_LYO00029818.

²⁴ LYO-UCC 00263750 - 00263751.

credit facility).²⁵ The Inventory ABL and the Receivables Asset Backed Loan (the “Receivable ABL,” and collectively the “ABLs”) contained accordion features that provided LBI the option to access additional loan commitments under either facility up to \$600 million on a combined basis.²⁶

By the time of the Acquisition, LBI had entered into an agreement to purchase the Shell Oil refinery in Berre l’Etang, France (“Berre”). It was anticipated that a portion of this liquidity would be used to fund that purchase.²⁷

LBI’s equity sponsor is Access, a privately held, U.S.-based industrial group with worldwide holdings. Its primary investments are in the natural resources and chemicals industry (Basell, TNK-BP - one of the top ten integrated oil companies in terms of crude oil production and UC RUSAL - the world’s largest aluminum smelter), media and communications (Warner Music Group, Top-Up TV, Premium TV/Inform Group, Acision and Amedia/Media City) and real estate (hotel and residential properties in Argentina and France, and commercial property assets in London).²⁸

IV. Approach to Solvency Analysis

Solvency analysis requires business judgment and detailed analysis. Generally, a solvency conclusion is based on three tests:

1. **Balance Sheet Test:** The company is deemed to be solvent if the fair value of assets exceeds debts;²⁹
2. **Cash Flow Test:** The company is deemed to be solvent if it has the ability to pay debts as and when they come due;³⁰ and
3. **Adequate Capital:** The company is deemed to be solvent if it has a reasonable amount of capital.³¹

²⁵ Per the November 2008 Control Report, as of December 31, 2007, LBI had \$2.1 billion of available liquidity, primarily due to ordinary course vendor payments at month end. Of the total liquidity, \$560 million was cash per the December 31, 2007 financial statements.

²⁶ D&P_L028353.

²⁷ CITI_LYO_0001319.

²⁸ GSCP_LYON00076394.

²⁹ See 11 U.S.C. § 101(32).

³⁰ Cf. Unif. Fraudulent Transfer Act § 4(2)(ii); Unif. Fraudulent Conveyance Act § 5.

³¹ Bankruptcy Code § 548(a)(1)(A)(ii)(II).

The first step in any solvency analysis is to select a valuation date, or test date. The test date for my analysis in this matter is December 20, 2007, which is the date of the closing of the Acquisition (the "Test Date"). I utilized LBI's December 31, 2007 audited financial statements, which represent the information that best reflects the financial condition of the Company at a time which is in close proximity to the Acquisition date. LBI's historical financial statements are summarized in Exhibits F and H.

Since liquidation was clearly not imminent on the Test Date, my balance sheet solvency analysis is based on the premise of fair market value as a going concern.³² That is, assets were valued in a manner that is consistent with how those assets are utilized in an ongoing business enterprise, as opposed to their value in an orderly or distressed liquidation.

For the purpose of my DCF analysis (as well as my analysis of capital adequacy and ability to pay debts), I used the Projections. As described in Section VII, the Projections (i) were prepared by the management teams of Lyondell and Basell, incorporating appropriate corporate planning and financial disciplines, (ii) vetted by third party industry analysts, (iii) deemed reasonable by O'Connor and Intille, and (iv) appropriately considered the Company's historical performance.

I have concluded that the Company is solvent under all three tests. I address the balance sheet test in Section V, the cash flow test in Section VII and the capital adequacy test in Section VI.

V. Balance Sheet Solvency Test

I present the balance sheet solvency test based on the total invested capital ("TIC") of LBI, using established valuation methodologies described in detail below. I considered LBI's balance sheet by itself in what is called the adjusted balance sheet test, but did not use it as a solvency indicator because balance sheet valuation

³² For the purpose of my report, fair market value (or fair value) is defined as the amount that could be expected to be paid for the company's assets and assumed liabilities, in an arms length transaction between a hypothetical willing buyer and a hypothetical willing seller, both parties having reasonable knowledge of the relevant facts and neither party being under any compulsion to act.

methodologies do not accurately reflect performance as a going concern and GAAP accounting may not give appropriate recognition to certain assets and liabilities.

In my opinion, as described herein, LBI was solvent on a balance sheet basis as of the Acquisition date, as its indicated fair market value of TIC exceeded its Debts by approximately \$8.5 billion based on my valuation analysis.

In general, when I was required to use judgment in preparing my valuation analyses, I used conservative assumptions. These assumptions resulted in lower valuation conclusions than would have otherwise been derived. My conservative assumptions include, but are not limited to:

Discounted Cash Flow

1. Conservative assumptions in my calculation of the weighted average cost of capital ("WACC") included: (i) a specific company risk premium to the cost of equity, and (ii) the highest established equity risk premium of 7.05% based on Ibbotson's Long Horizon expected equity risk, rather than a lower equity risk premium based on supply side assumptions (6.23%) or Grabowski's study (5.9%).³³
2. To determine the terminal value based on discounted cash flow, I (i) used a perpetual growth rate of 2.5%, which was at the low end of the global long-term forecasted GDP growth and inflation range of 2.4% - 3%, and (ii) used a 4-year average for capital expenditures ("Capex"), which assumes Capex associated with growth in addition to maintenance level of Capex.
3. I utilized an incremental tax rate of 35% to calculate free cash flow and the terminal value, as opposed to the lower effective tax rate reflected in the Projections and the industry weighted tax rate of 32%.³⁴

³³ 2008 Ibbotson SBBI Valuation Yearbook, pg. 98; and Cost of Capital Applications and Examples, Third Edition, pg. 103.

³⁴ DCF analysis which uses a 32% tax rate results in an indication of TIC value of \$33.4 billion (\$1.4 billion higher than the related indication of TIC value that is part of my overall valuation conclusion.

Guideline Company analysis

I applied a 10% discount to the median of the Guideline Company multiples when performance and profitability comparisons of LBI to these guideline companies supported the use of the median without a discount.

Comparable Transaction analysis

I applied a 10% discount to the median of the Comparable Transaction multiples when performance and profitability comparisons of LBI to these comparable transactions supported the use of the median without a discount.

* * *

It is axiomatic that the elements of any valuation analysis need to be viewed as a whole. Hence, the valuation methodology and related inputs (including the Projections) are integrally related. Had I chosen not to utilize three of the above described assumptions (the discounts to Guideline Company multiples and Comparable Transaction multiples, and the specific company risk premium in the WACC calculation), I would have arrived at an equity cushion of \$13.0 billion – \$4.5 billion higher than the results of my valuation analysis (see Exhibit X).

A. The Balance Sheet Test Based on TIC

This test involves determining the TIC value as a going concern at the Test Date and then deducting Debts.³⁵ The TIC is determined according to established valuation methodologies by applying all relevant approaches to value. The three established valuation approaches are income, market and asset based. The income and market approaches are used in this test. (See Exhibit I for an overall summary of my valuation analyses discussed in this section.)

i. The Income Approach

The income approach in my analysis uses the discounted cash flow method (“DCF”), which estimates value by calculating the net present value (“NPV”) of the

³⁵“Debts” are summarized in Exhibit G.

future cash flows of the subject company. Two critical inputs for this analysis are (i) the projections of the company's future cash flows, and (ii) the determination of the appropriate discount rate, or WACC. In the sections that follow, I provide descriptions and explanations of 1) the sources of the key inputs for this analysis and 2) how those inputs are used in the valuation model.

My analysis results in an indication of TIC value of LBI under the income approach of \$32.0 billion as of December 20, 2007 (see Exhibit J).

Cash Flow Projections

For the purpose of my DCF analysis (as well as my analysis of capital adequacy and ability to pay debts), I used the Projections as described in Section VII. My DCF analysis using the Projections is presented in Exhibit J.

As discussed above, the income approach involves the conversion of the anticipated future benefits into a net present value to determine the indication of value. These expected future benefits are expressed as the after tax, debt-free cash flows over the period covered by the Projections and the terminal value (the value of the debt-free cash flows assumed to exist after the projection period in perpetuity – in this case at the end of 2011). The terminal value was determined using a commonly used valuation methodology known as the perpetuity formula, which is calculated as:

$$\text{Terminal Value} = \text{Terminal Cash Flow} / (\text{Discount Rate less Growth Rate})$$

Weighted Average Cost of Capital

The WACC has two components: cost of equity and the after-tax cost of debt. The cost of equity component (11.7%), which includes a component for estimated specific company risk, was derived using the Capital Asset Pricing Model ("CAPM"). The cost of debt component was derived using a pre-tax cost of debt (6.55%) assumed to equal the Moody's Baa Corporate Bond Yield as of December 20, 2007. The Baa rating, the lowest of the investment grade ratings, is used as a proxy for the cost of debt available to a hypothetical buyer. For the debt component, I used an

incremental tax rate of 35%³⁶ (the industry weighted median effective tax rate is 32%).

The blended WACC, or discount rate, based on analysis of both the commodity and diversified chemical and refining guideline companies, was 9.84%, which I rounded up to 10% for my DCF analysis.³⁷ Key inputs used in deriving the WACC are presented in Exhibit K. My capitalization rate (i.e., the discount rate *less* the growth rate to determine terminal value) was 7.5%. I used a 2.5% perpetual growth rate that was based on 2007 long-term global GDP and inflation statistics that ranged from 2.4% to 3% (see Exhibit V).

The NPV for each year is calculated as the after-tax Debt-Free Cash Flow multiplied by the Present Value Factor, the sum of which is added to the terminal value. The result is my indication of TIC value under the income approach of \$32.0 billion, as shown in Exhibit J and summarized in the table below.

Present value of projection period cash flows	\$ 9,442
Present value of terminal year	22,522
Cumulative Present Value (as of 12/20/07)	\$ 31,965
Indicated Value of TIC, rounded	\$ 32,000

As an alternative DCF analysis, I determined the indicated value of TIC, using the Consultant's Sensitivity Case – based on contemporaneous EBITDA estimates by CMAI and Turner - described in Section VII. DCF analysis of this alternative case indicates TIC value of \$36.1 billion, which is substantially higher than the DCF analysis used in reaching my valuation conclusion (see Exhibit Y).

³⁶ LYO-UCC 00256870.

³⁷ It is appropriate to use the industry capital structure, since a controlling buyer would have the ability to change the capital structure and the industry average represents a reasonable proxy for a capital structure. (*Valuing a Business*; 5th Edition, Pratt and Niculita.

ii. The Market Approach – Guideline Company Method

The guideline company method utilizes financial metrics and public market values of comparable (or guideline) publicly-traded companies to calculate market multiples, and applies those multiples to the subject company to arrive at the indicated value of the subject company. My analysis results in an indication of TIC value of LBI under the Guideline Company method of \$33.1 billion (see Exhibit Q).

1. Selection of Guideline Companies

The guideline companies utilized in my analysis were selected from the two industries in which LBI operates: chemicals (commodity and diversified) and refining. To select the appropriate guideline companies from these industries, I reviewed certain third-party analysts' reports, analyses of certain of the Lead Arrangers and the fairness opinion rendered by Deutsche Bank in July, 2007. There were several companies that were considered as guideline companies in most, if not all, of these analyses. These consensus guideline companies served as a starting point for my selection process. The next step in my guideline company selection process was to select companies with the following characteristics:

- A United States or Canadian corporation operating principally in the United States or both within the United States and the global markets in which LBI also operates.
- Classified under one or more of the following SIC Codes:
 - 2821 – Plastics materials and resins
 - 2860 – Industrial organic chemicals
 - 2819 – Industrial organic chemicals
 - 2810 – Industrial organic chemicals
 - 2911 – Petroleum refining
- Availability of adequate financial information
- SEC registrants
- The primary source of revenue was refining and/or chemicals (commodity or diversified).

Based upon these selection criteria, I selected the following companies as guideline companies:

- Commodity and Diversified Chemicals
 - Nova Chemicals Corp.
 - The Dow Chemical Company
 - Celanese Corp.
 - Huntsman Corporation
 - Westlake Chemical Corp.
 - Eastman Chemical Co.
- Refining
 - Valero Engery Corp.
 - Tesoro Corporation
 - Sunoco, Inc.
 - Frontier Oil Corp.
 - Holly Corp.
 - Western Refining Inc.
 - Alon USA Energy, Inc.

Collectively, these are the “Guideline Companies.” I confirmed the appropriateness of the above entities as Guideline Companies by reviewing peer company discussions by O’Connor and Intille in their expert reports. A summary of the Guideline Companies is included as Exhibit L.³⁸

2. Selection of Appropriate Guideline Company Multiples

The next step in my analysis was to obtain market data and historical financial information for the Guideline Companies. For each performance measure, I collected information for the latest fiscal year and for the latest twelve months filed (the “LTM”) as of the Test Date.³⁹ The LTM period for all of the Guideline Companies was the period ended September 30, 2007 and the latest fiscal year period end was December 31, 2006.⁴⁰

³⁸ I considered BASF SE as a comparable company due to product overlap (particularly in ethylene), but did not include it as a Guideline Company due to, among other things, (i) their financial statements are not prepared in accordance with U.S. GAAP, (ii) the stock is not traded on a U.S. stock exchange, and (iii) roughly half of the 2006 operating profits before tax is in the oil and gas segment, which includes exploration, transport and storage.

³⁹ Data was collected using Capital IQ.

⁴⁰ I adjusted LBI’s pro forma 2006 financial results to consider the August 2006 acquisition of the remaining 42% share of Houston Refining.

Utilizing this market data and financial information, I selected two market performance multiples commonly used in this method for each of the Guideline Companies. These performance multiples were (i) TIC to EBITDA⁴¹ and (ii) TIC to Earnings Before Interest and Taxes (EBIT).⁴² Further details on the calculation of the multiples are included in the footnotes to Exhibits M-P. The performance multiples are presented for the two time frames indicated above on an individual company basis and on an industry (commodity and diversified chemicals and refining) basis. See Exhibit M.

Because a median or mid-point more effectively eliminates the impact of outliers than the average, I used median values for both of these multiples as a starting point for determining the final Guideline Company multiples. The next step in my analysis was to determine whether it would be appropriate to adjust each multiple by applying a premium or discount to these median multiples based on specific risks associated with LBI as compared to the Guideline Companies. I analyzed historical financial data and estimated growth rates for the Guideline Companies and for LBI (see Exhibit N).⁴³ While quantitative analysis strongly suggests the use of the median multiples, to be conservative and considering that LBI is a merging entity, I applied a discount of 10% to the median multiples.

The next step in my analysis was to calculate a weighted average of each of the adjusted multiples based on the industry mix of LBI. This process considers a “sum-of-the-parts” approach. For example, for TIC to EBITDA, the median latest fiscal year discounted multiple for commodity and diversified chemicals was 6.9x, while the same multiple for refining was 5.9x. Using an industry mix of 70/30 (chemicals/refining),⁴⁴ the appropriate discounted multiple to apply to LBI’s EBITDA is 6.6x, which is $(6.9 \times 70\%) + (5.9 \times 30\%)$. The calculated weighted multiples for

⁴¹ EBITDA used in my analysis is determined on a first in, first out inventory accounting method, (FIFO basis).

⁴² I did not utilize TIC to Revenues in this case because I observed that this valuation metric is not commonly used in the commodity and diversified chemicals and refining industries.

⁴³ Factors considered in such an analysis can be both quantitative and qualitative, and may include: (i) revenue and earnings growth, (ii) profit margins, (iii) liquidity, (iv) company size and depth of management, (v) geographic and product diversification and (vi) customer and supplier mix.

⁴⁴ These industry weights represent the approximate mix based on actual LTM 9/30/07 EBITDA and estimated 2007 EBITDA for LBI between chemicals and refining, as shown in Exhibit O to my report.

each of the relevant time periods are presented in Exhibit M and are applied in Exhibit P.

3. Application of Guideline Company Multiples to LBI

To apply the Guideline Company multiples to LBI combined entity historical pro forma financial statements, I utilized the pro forma unaudited condensed combined financial statements for the LTM and latest fiscal year (Exhibit H). These pro forma financial statements included Basell historical, Lyondell historical and estimated pro forma adjustments intended to reflect the Acquisition and the related financing. To these pro forma financial statements, which had excluded any cost savings or other synergies arising from the merger, I added (i) estimated synergies of \$349 million representing total gross synergies,⁴⁵ which approximates projected synergies achieved during the first two years and excludes revenue enhancing synergies (see Section VII C for further discussion), and (ii) certain other adjustments (see footnotes in Exhibit H for a description of these adjustments).

4. Weighting of Time Periods

Once I determined the amounts of pro forma adjusted EBITDA and pro forma adjusted EBIT for each of the relevant time periods, I applied the weighted multiples from Exhibit M to determine indications of value for each of the multiples and each of the time periods. To determine an indication of value for each multiple, I first weighted the relative importance of each time period. The latest twelve months were weighted 60% as this was the most recent data, and the latest fiscal year was weighted 40%. As a result of this weighting, the indication of value, before any control premium, based on EBITDA was \$32 billion, and based on EBIT it was \$29.5 billion (see Exhibit P).

⁴⁵ It is appropriate to add synergies to the pro forma financial statements per Valuation: Measuring and Managing the Value of Companies 4th Edition, McKinsey & Company, Chapter 5 - Time Koller, Marc Goedhart and David Wessels, copyright 2005.

5. Weighting of Indicated Values and Evaluation of Control Premium for LBI

The next step in my analysis was to weight the two indications of value according to their relative importance to determine the indication of value of TIC on a non-controlling basis under the Guideline Public Company method. I applied a relatively high weighting of 90% to the EBITDA multiple, as this is the multiple most extensively used by the market. Because it is an earnings based multiple, I weighted the EBIT multiple at 10%.⁴⁶ This weighting results in an indication of value of TIC on a non-controlling basis of \$31.8 billion (see Exhibit Q).

The final step required to determine the overall indicated value of TIC on a controlling basis was to provide adjustments for the appropriate control premium as well as one-time costs of the synergies considered for LBI. The control premium for 2007 for the Chemicals, Paints and Coatings, Oil & Gas, and Energy Services industries was 22%.⁴⁷ I applied this premium to the residual equity of LBI on a non-controlling basis, which is the indication of value of \$31.8 billion determined above, less LBI's Debt at the Test Date of \$24.8 billion (see Exhibit G). The implied equity of \$7.0 billion (before a control premium), when multiplied by the control premium of 22%, results in implied equity on a controlling basis of \$8.5 billion (see Reconciliation of Guideline Company Analysis - Exhibit Q).

The final two steps in this calculation were to 1) add back the book value of LBI debt at the Test Date, and 2) subtract the total estimated one-time costs necessary to achieve the synergies of \$195 million.

6. Indication of Value Under the Guideline Company Method

The final indicated value of TIC on a controlling basis under the Guideline Company method is \$33.1 billion, as shown in Exhibit Q.

⁴⁶ I considered, but did not use, a revenue multiple since it is not a commonly used approach in petrochemicals or refining.

⁴⁷ 2008 Mergerstat Review, 2007 transactions. The median control premium is based on 26 transactions, which includes the Acquisition. Excluding the Acquisition, the median control premium is 21.8%.

iii. The Market Approach – Comparable Transactions Method

This valuation methodology, which is also called the “Mergers and Acquisitions” method, estimates the value of a business based on multiples paid for a controlling interest in similar businesses, both public and private. These multiples are reviewed and analyzed for possible adjustments, and then applied to the operating results of LBI to determine an indicated value.

1. Identification of Potential Comparable Transactions

The first step in this analysis was to identify a broad list of potential comparable transactions. To identify these transactions, I utilized two main sources: (i) documents produced in this litigation that identified potential comparable transactions, and (ii) a search of publicly available information.

In performing searches of publicly available information, my search criteria included the following: (i) merger and acquisition transactions, (ii) targeted investment of 50% or greater, (iii) an announcement or initial filing date between January 1, 1997 and January 1, 2009, and (iv) primary industry of either oil and gas refining or marketing, diversified chemicals, commodity chemicals or specialty chemicals.

2. Selection of Comparable Transactions

The next step in my analysis was to select the Comparable Transactions (as defined below) which were appropriate for inclusion in my analysis. My selection criteria were as follows:

- The transaction closed within the three years prior to the Test Date.
- Financial information was available about the transaction through Capital IQ, including enterprise value, revenue, EBITDA and/or EBIT.
- The transaction was in the commodity chemical, diversified chemical or oil and gas refining and marketing industries.
- The transaction represented a controlling interest.
- The target company was in the United States, Canada or a European country.

Based on these selection criteria, I selected a number of transactions to utilize in my analysis. A summary of each of the target companies involved in these transactions is included as Exhibit R. These transactions are referred to collectively as the "Comparable Transactions."

3. Selection of Appropriate Multiples

The next step in my analysis was to collect the available financial information related to these transactions and calculate the transaction multiples as discussed above. I utilized Capital IQ and Securities and Exchange Commission filings to collect the appropriate financial information necessary to perform my analysis. This data is presented in Exhibit S. The metrics I used and the weighting based on LBI's industry mix are consistent with the methodology described above for the Guideline Company method.

The calculation of the multiples is included in Exhibit S. The median value for each of these multiples served as a starting point for determining the final Comparable Transaction multiples. The next step in my analysis was to determine whether it would be appropriate to apply a discount to these multiples based on idiosyncratic risks associated with LBI. Similar to the Guideline Company method, I analyzed historical financial data for the target companies in the Comparable Transactions and for LBI (see Exhibit R). I also considered the thoroughness of the information available on the Comparable Transactions, several of which are private companies, and market timing which by the very nature of the Comparable Transaction method considers transactions over a period of time. Similar to my Guideline Company analysis, I applied a discount of 10% to the median multiples. These multiples were then applied to LBI's LTM September 30, 2007 unaudited pro forma financial results including adjusted EBITDA, and adjusted EBIT to arrive at two indicators of value.

4. Weighting of Guideline Transaction Indicated Values

The next step in my analysis was to calculate a weighted average of these two indicators of value to arrive at a final indication of value under the Guideline

Transaction method. Similar to my Guideline Company analysis, I utilized a 90% weighting to the EBITDA multiple and 10% to the EBIT multiple.

5. Indication of Value Under the Comparable Transaction Method

Based on the results of this analysis, the indication of value using the Comparable Transactions method is \$37.4 billion (Exhibit S).

iv. Reconciliation and Conclusion Under the Balance Sheet Test Based on TIC

In summary, the three indications of TIC are \$32.0 billion under the income approach, \$33.1 billion under the Guideline Company method and \$37.4 billion under the Comparable Transactions Method. In reaching my opinion of TIC value in this case, I weighted the income approach 60% since I believe that it best quantifies the anticipated future benefits a buyer hopes to achieve. The two earnings-based methods were weighted at 20% each, and are widely used in valuations in these industries. These weightings lead to my concluded indicated fair market value of TIC of \$33.3 billion. When I deduct the total Debts, adjusted for restricted cash and original issue discount, of \$24.8 billion (see Exhibit G), there is an equity cushion of roughly \$8.5 billion. I note that, even if I had used the lowest of the three above indicated values, there would still be an equity cushion of approximately \$7.2 billion.

A summary of the results of my balance sheet tests is presented in the table below.

<i>(\$ in millions)</i>	Indicated FMV of TIC	Weight	Weighted Value
Market Approach - Guideline Companies	\$ 33,100	20%	\$ 6,620
Market Approach - Comparable Transactions	37,400	20%	7,480
Income Approach - Discounted Cash Flow	32,000	60%	19,200
		100%	33,300
Indicated Fair Market Value of TIC			33,300
Less: Total Debts			24,828
Fair Market Value of TIC in Excess of Debts			\$ 8,472

VI. Analysis of Adequate Capital

In my opinion, the Company was adequately capitalized as of the Acquisition date, December 20, 2007. This opinion is based on the following:

- The Projections (see Section VII) - which were prepared based on an appropriate management process, and reflected key underlying assumptions that were reasonable at the time – indicate that the Company had sufficient capital to operate its business and was able to pay its debts as they came due.
- At closing, LBI had approximately \$2.3 billion of liquidity.⁴⁸ While a portion of LBI's capital was ostensibly earmarked for acquisitions to which Basell was committed, there also was an "accordion" to the ABL facility to address potential post-closing increases to commodity prices. In addition, the December 20, 2007 credit agreement (the "Credit Agreement") provided for an "indenture basket," allowing for additional permitted indebtedness of \$750 million.⁴⁹
- The Projections took into consideration actions taken by management that would serve to lessen the severity of the next trough (see Section VII).
- The Lead Arrangers considered potential risks of the Acquisition, and related mitigating factors.
- Stress tests of the Company's capital structure, which were performed contemporaneously by each of the Lead Arrangers, and were based on underlying downside assumptions, many of which were beyond what reasonably would have been anticipated in late 2007, indicate that there was adequate liquidity when considering the possible stresses to the Projections.
- See discussion in the O'Connor Report for his analysis of the refining projections (which he deems reasonable)⁵⁰ and his discussion of the extent to which the stress case assumptions for the refining segment considered by the Lead Arrangers were unlikely to occur based on market conditions in 2007.⁵¹

⁴⁸ LBI 2008 GFR-10 Controlling Report, October 2008, page 11.

⁴⁹ Credit Agreement, page 130. LYO-UCC 00244433 – 00244642.

⁵⁰ O'Connor Report, Chapter 4.

⁵¹ O'Connor Report, Chapter 4.

- See discussion in the Intille Report for his analysis of the petrochemical projections (which he states were reflective of industry assumptions at the time),⁵² and his discussion of the extent to which the severity of the stress case assumptions considered by the Lead Arrangers were extremely unlikely to occur based on information available in 2007.⁵³
- I performed my own stress test analyses, which assumed business conditions that would have resulted in the Company performing at a level even below the Lead Arrangers' downside cases. Even at my stress tested levels, the Company had adequate liquidity in most stress scenarios.
- Intervening 2008 events – that were not foreseeable in late 2007 – caused the Company to use its available liquidity to fund EBITDA losses in the 2008 fourth quarter, contributing to an unforeseeable liquidity crisis (see Section VII).

Potential Risks Analyzed by the Lead Arrangers

As part of their respective credit reviews, each Lead Arranger identified and considered certain risks associated with the Acquisition. They then evaluated those risks and identified mitigating factors, as applicable. A summary of the specific risks and mitigants identified by each of the Lead Arrangers is provided in Exhibit T.

Potential risks and the related mitigating factors, some of which are summarized below, included, but were not limited to:⁵⁴

1. Industry Cyclicalities

Mitigating factors included: (i) industry, geographic and product diversification resulting from the combined Company, (ii) Company divisions operating on different industry cycles, (iii) economies of scale resulting from the combined Company, and (iv) the consensus short-term positive outlook.

⁵² Intille Report, page 14.

⁵³ Intille Report, page 31.

⁵⁴ ML-2004-228009, UBS2004-0045271-5272, GSCP_LYON00044728-4733, and CITI_LYO_0001059-1061.

Note that O'Connor indicates that (i) the refining industry was continuing to experience high demand in late 2007,⁵⁵ and (ii) the Houston refinery had a heavy crude processing advantage as compared to its peers.⁵⁶

Note also that Intille states that (i) the petrochemical industry was experiencing strong operating rates in 2007, and (ii) the depth of the next projected trough was not expected to be as severe as prior troughs.⁵⁷

2. Leverage

The mitigating factors that made the increased leverage reasonable included: (i) short-term deleveraging due to the expected strong petrochemical cycle through 2008 - 2009 and continued solid refining margins, (ii) forecasts of excess cash flow, (iii) the Company's equity cushion, (iv) the strategic nature of the transaction (e.g., the scale of the merged entity and synergies (see Section VII C), (v) a well capitalized equity sponsor, and (vi) management's experience.

Note that the Credit Agreement had an "indenture basket" for permitted additional indebtedness of \$750 million. The Company ultimately used this basket (subsequently increased to \$1 billion in 2008) to obtain the Access Revolver.⁵⁸

It is also noteworthy that, from the Acquisition until August 2008, S&P rated the Company B+. Moody's also rated the Company B1 and assigned the company a Probability of Default rating of B1 as well.⁵⁹ In February 2008, Moody's indicated that, on average from 1983-2007, within four years (the projection period) only 16.4% of B1 issuer historically defaulted. Moody's also indicated that "In addition to their being statements of historical fact these data are also useful proxies for *expected* default rates."⁶⁰ (Emphasis added.)

⁵⁵ O'Connor Report, Chapter 4.

⁵⁶ O'Connor Report, Chapters 3 and 4.

⁵⁷ Intille Report, page 22.

⁵⁸ Credit Agreement, page 130. LYO-UCC 00244433 - 00244642.

⁵⁹ Moody's also assigned individual ratings to the different issues within LBI's preliminary capital structure, including a Ba2 rating on the first lien facility, a B2 rating on the proposed second lien facility and a B3 on the proposed senior unsecured notes. Legacy Basell and Lyondell notes were also assigned a B3 rating. S&P issued similar preliminary ratings across the capital structure as well.

⁶⁰ Moody's Global Corporate Finance - Corporate Default and Recovery Rates, 1920 - 2007.

3. Integration

Mitigating factors included: (i) management's successful track record of integration, (ii) the complementary nature of the merged assets (e.g., long-short complementary positions in ethylene and propylene discussed in Section VII C), (iii) substantial synergies, and (iv) the benefits due to vertical integration.

4. Additional Petrochemical Industry Capacity

Mitigating factors included: (i) the absence of new U.S. capacity in the near term, (ii) delay of capacity additions in the Middle East, and (iii) ongoing worldwide growth in demand (e.g., China and India).

Stress Tests Performed by the Lead Arrangers

Each of the Lead Arrangers also developed its own independent financial analysis of LBI and created its own base case (in some instances) and stress tests of key assumptions underlying the Projections. Exhibit U is a summary of the base case assumptions and downside case assumptions for each of the Lead Arrangers. Stress test assumptions made by the Lead Arrangers included, but were not limited to:

- Lower annual EBITDAs – the downside case EBITDAs are about 20% to 35% lower (based on 2008-2011 cumulative EBITDA) than the Projections.
- More severe trough conditions – the downside case EBITDA troughs range from 20% to nearly 50% lower than the Projection's EBITDA trough. Gunter Frangenberg ("Frangenberg"), a director in the Global Industrials group at Merrill Lynch, testified that Merrill Lynch's draconian (or severe) downside case was modeled based on the worst ethylene cycle trough in recent history, which was the 1992/1993 time period.⁶¹
- Earlier trough conditions – the trough in the Projections occurs in 2011, whereas nearly all of the downside cases model trough conditions occurring in 2010.

⁶¹ Deposition of Gunter Frangenberg, October 30, 2009, page 264.

The following chart summarizes the downside cases considered by each of the Lead Arrangers as compared to the Projections:

	2008	2009	2010	2011	2012	2013
Confidential Information Memorandum ⁽¹⁾						
Projections						
Total EBITDA	\$ 5,223	\$ 4,697	\$ 4,329	\$ 4,130	\$ 4,337	\$ 4,554
Free Cash Flow (prior to debt paydown)	\$ 1,833	\$ 1,520	\$ 1,694	\$ 1,387		
Capital Expenditures	\$ 1,196	\$ 953	\$ 625	\$ 555		
Downside Case						
Merrill Lynch ⁽²⁾						
Total EBITDA	\$ 3,784	\$ 3,124	\$ 2,772	\$ 2,874	\$ 3,164	\$ 3,499
Downside Case EBITDA as a % of Projections EBITDA	72%	67%	64%	70%	73%	77%
Free Cash Flow (prior to debt paydown)	\$ 1,128	\$ 705	\$ 493	\$ 758	\$ 975	\$ 1,242
Implied Leverage (incl. synergies in EBITDA)	5.6	6.6	7.3	6.8	5.8	4.9
Liquidity (cash + unused portion of Revolver)	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100
Capital Expenditures	\$ 645	\$ 645	\$ 620	\$ 620	\$ 620	\$ 620
UBS ⁽³⁾						
Total EBITDA	\$ 3,804	\$ 3,337	\$ 2,148	\$ 2,525	\$ 2,734	\$ 3,069
Downside Case EBITDA as a % of Projections EBITDA	73%	71%	50%	61%	63%	67%
Free Cash Flow (prior to debt paydown)	\$ 988	\$ 909	\$ (88)	\$ 161	\$ 259	\$ 405
Implied Leverage (excl. synergies in EBITDA)	5.9	6.7	11.2	9.3	8.4	7.3
Liquidity (cash + unused portion of Revolver)	\$ 1,450	\$ 1,450	\$ 1,073	\$ 945	\$ 916	\$ 1,032
Capital Expenditures	\$ 1,093	\$ 810	\$ 576	\$ 614	\$ 621	\$ 652
Goldman Sachs ⁽⁴⁾						
Total EBITDA	\$ 3,896	\$ 3,256	\$ 3,075	\$ 3,145	\$ 3,401	\$ 3,752
Downside Case EBITDA as a % of Projections EBITDA	75%	69%	71%	76%	78%	82%
Free Cash Flow (prior to debt paydown)	\$ 887	\$ 294	\$ 233	\$ 519	\$ 722	\$ 1,118
Implied Leverage (assumed incl. synergies in EBITDA)	5.7	6.7	7.0	6.7	6.1	5.3
Liquidity (cash + unused portion of Revolver)	\$ 1,461	\$ 1,445	\$ 1,293	\$ 1,293	\$ 1,293	\$ 1,293
Capital Expenditures	\$ 645	\$ 645	\$ 620	\$ 620	\$ 620	\$ 620
Citi ⁽⁵⁾						
Total EBITDA	\$ 3,599	\$ 2,827	\$ 2,493	\$ 3,131	\$ 3,687	\$ 3,966
Downside Case EBITDA as a % of Projections EBITDA	69%	60%	58%	76%	85%	87%
Free Cash Flow (prior to debt paydown)	\$ 389	\$ 64	\$ (133)	\$ 142	\$ 584	\$ 804
Implied Leverage (incl. synergies in EBITDA)	6.4	8.2	9.3	7.4	6.1	5.5
Liquidity (cash + unused portion of Revolver)	\$ 1,100	\$ 1,043	\$ 688	\$ 709	\$ 1,100	\$ 1,100
Capital Expenditures	\$ 959	\$ 852	\$ 794	\$ 881	\$ 862	\$ 862
ABN AMRO ⁽⁶⁾						
Total EBITDA	\$ 4,700	\$ 3,639	\$ 3,404	\$ 3,320	\$ 3,536	\$ 3,681
Downside Case EBITDA as a % of Projections EBITDA	90%	77%	79%	80%	82%	81%
Implied Leverage (Total Net Cash Pay Debt/EBITDA)	4.7	6.0	6.3	6.4	5.9	5.5
Liquidity (net cash [incl. synergies] + assumed Revolver)	\$ 1,812	\$ 2,003	\$ 2,079	\$ 2,213	\$ 2,534	\$ 2,917
Capital Expenditures (assumed same as Base Case)	\$ 961	\$ 854	\$ 796	\$ 883	\$ 864	\$ 864
Notes:						
2008-13 Revolver assumed \$1 billion.						
(1) LYO-UCC00121424, with assumed EBITDA growth of 5% in 2012 and 2013.						
(2) ML-2004-228010, 011 and 016. Assumed \$136 million Revolver as of 06/30/2007A paid down with 2007 FCF. \$1B Revolver assumed undrawn because FCF is greater than mandatory TLB debt repayment.						
(3) UBS2004-0045289.						
(4) GSCP_LYON00044741.						
(5) CITI_LYO_0001070.						
(6) ABN_LYNB00013499 and ABN_LYNB000135501.						

Under the Lead Arranger's stress tests, the implied leverage increases from an average of approximately 5.7x in 2008 to 8.2x in 2010. After 2010, the leverage ratio decreases in each subsequent year. The most "severe" of the downside cases, UBS, shows the highest projected leverage in 2010, the assumed trough year in the downside scenarios. UBS assumed an extremely severe trough. As discussed in Section VII, in late 2007, it was reasonably anticipated that changes to the combined companies since the last trough (2001 – 2003) were such that LBI would have more stable earnings in the next trough. In addition, the UBS base and downside cases assumed significant reductions to refining EBITDA margins not deemed likely by O'Connor.

O'Connor concludes that the stress cases performed by each of the Lead Arrangers employed sensitivities which were reasonable for a lender to consider but which were unlikely to occur based on market conditions in 2007.⁶²

Intille concludes that the stress cases considered by each of the Lead Arrangers were extremely unlikely based on information available in 2007, particularly regarding the integrated margins for ethylene and propylene.⁶³

Stress Analysis Summary

I independently analyzed the Company's prospective liquidity as of the Acquisition date under a number of scenarios to determine whether as of that date LBI:

- (i) Had adequate capital, and
- (ii) Had the ability to pay its debts as they came due.

My analysis concludes that the Company had capital and liquidity sufficient to pay its debts as they became due under conditions and assumptions generally more

⁶² O'Connor concludes "Overall, I found the (Lead Arrangers') analyses to be thorough, and in general, the downside sensitivity cases present scenarios that were unlikely to occur based on market conditions in 2007."
O'Connor Report, Chapter 4.

⁶³ Intille Report, page 31.

severe than those contained in the stress tests conducted by most of the Lead Arrangers.

My Stress Tests

I analyzed the merged entities' projected liquidity under a range of stress tests (the "Stress Tests") which I applied to the Projections. In reliance upon information included in the Intille and O'Connor reports, it is my belief that the downside scenarios projected by the Lead Arrangers reflected a level of economic adversity that was unlikely to occur based on information known in late 2007; such downside scenarios therefore would have been considered by reasonably informed investors as unlikely outcomes.

My Stress Tests utilize assumed business conditions that would have resulted in the Company performing at a level even below most of the Lead Arrangers' downside scenarios. Even at my stress tested levels, however, the Company nevertheless had sufficient capital and liquidity to pay its debts as they became due.

Stress Tests Overview

I prepared a model (the "Model") in order to conduct the Stress Tests. As designed, the Model allowed me to assess the minimum cash EBITDA ("Cash EBITDA") that the Company would need to generate during each of the four years included in the Projections (2008 through 2011) under two alternative scenarios:

- Scenario One – Determine the minimum level of Cash EBITDA that the Company would need to generate each year in order to maintain a desired level of liquidity as of the last day of each year of \$1.4 billion.
- Scenario Two – Determine the minimum level of Cash EBITDA that the Company would need to generate in order to remain in compliance with the financial covenants for leverage and debt service under its senior debt agreements.

My Stress Test analysis considers the potential impact of rising commodity prices, since that apparently is a key element of the Complaint. Specifically, I analyzed scenarios considering the net impact upon liquidity of average crude oil prices of \$91.70 (the December 31, 2007 price), \$115, \$130 and \$145 per barrel.

LBI management developed an analysis derived from actual historical experience, which captured and articulated the relationships between changes in hydrocarbon feedstock prices (i.e., the price of a barrel of crude oil) and the implications of such price changes on Cash EBITDA. This analysis expressed the implications of a \$1 change in the price of a barrel of crude oil on the Company's available liquidity.⁶⁴ I discussed the methodology and assumptions reflected in this analysis with Mario Portela, LBI's V.P. of Corporate Development through the fall of 2008. He indicated that this sensitivity analysis – undertaken on a bottom-up basis by business unit – reflected the collective beliefs and conclusions of LBI's Corporate Development, Treasury and business units. This analysis was used by LBI as a management tool for Treasury forecasting and decision making. Consistent with management's analysis, the Model:

- a. Assumes that for each \$1 increase in the price of a barrel of crude oil, net working capital increases by \$38.9 million (which consists of a \$6.1 million increase in accounts receivable (net of the increase in trade accounts payable), and a \$32.8 million increase in the carrying value of inventory). The Model further assumes that the increased price of crude oil is effective on January 1 of the applicable year.
- b. Assumes there is a mitigating increase in EBITDA (in an amount equal to \$19.6 million per \$1/barrel increase) that occurs during the same year in which that increase occurs. This increase in EBITDA arises from the Company's monetization of the gain in the held inventory created by the price increase described in the preceding paragraph.

⁶⁴ See Pike Exhibit 21

Other Specific Definitions and Input Assumptions in the Model

The Model defines liquidity as the sum of unrestricted cash and borrowing availability under the ABLs (net of outstanding letters of credit and minimum borrowing base availability to remain in compliance with applicable ABL covenants) and the revolving credit facility.

Capital expenditures are initially included in the Model in amounts specified in the Projections. However, the Model assumes that, during periods when the Company does not achieve planned EBITDA levels, management would have anticipated such shortfalls and taken appropriate action to reduce discretionary capital expenditures and defer a portion of planned maintenance Capex.

Additional definitions and assumptions related to the Model are described in detail in Exhibit E.

Opening Liquidity and Minimum Liquidity Specified in the Model

The Company's December 31, 2007 consolidated balance sheet is the opening balance sheet for purposes of conducting the analyses. Liquidity at December 31, 2007 was \$2.1 billion. The Model assumes that effective January 1, 2008, the Company fully drew upon all facilities.

During 2008, the Company utilized an estimated \$550 million of liquidity to consummate the Berre refinery acquisition (in addition, the Company had a working capital true-up of approximately \$380 million in August 2008). Also during 2008 the Company expanded its Inventory ABL, thereby increasing liquidity by \$600 million. The net effect of these two transactions, together with other miscellaneous transactions, had a negligible effect on liquidity. Thus, the Model ignores these transactions in its determination of Cash EBITDA and liquidity.

The Model maintains \$1.4 billion as a proxy for desired minimum liquidity at each year end ("Desired Minimum Liquidity"). I developed this assumption as follows:

- a. The Company maintained \$1 billion of liquidity, excluding consideration of the Access Revolver,⁶⁵ at all times except for a few days just after the end of the 2008 first quarter (as a result of funding the Berre acquisition).
- b. Barring all other sources of cash, the desired minimum liquidity level is double the maximum estimated need for feedstock purchases which occurred on the 15th and at month end.⁶⁶
- c. During the first quarter of each year the Company typically consumes \$300 - \$400 million of seasonal liquidity in the ordinary course. My discussions with LBI's former treasurer, Karen Twitchell, revealed that this quarterly contraction in liquidity resulted from the combined effect of an unusually high level of first quarter cash outlays for recurring items in the first quarter (such as property taxes, insurance premiums, customer rebates and annual bonus payments) plus seasonally low levels of operating income (demand for refined products such as gasoline is lowest in this quarter).

Based on the above, the Model requires that the Company maintain \$1.4 billion of desired liquidity as of each calendar year-end, even though that amount of liquidity well exceeds the bare minimum that the Company in fact needed. My interview with and Karen Twitchell indicated that LBI could effectively operate at liquidity levels as low as \$300 - \$500 million throughout the course of the year. Note that the Company had an intra-day swing line of \$1 billion in place until December 2008, which would facilitate global cash management in this regard.

I considered management's estimate for total Capex – core and discretionary – included in the Projections. I used 100% of management's projections for core Capex throughout the forecast period. Although I did not change the level of core Capex in any year, I reduced the level of discretionary Capex by 25% in 2008, 90% in 2009 and 100% in each year thereafter as a proxy for discretionary Capex reductions and

⁶⁵ While liquidity dropped from \$2.1 billion to \$1.3 billion in the 2008 first quarter, this was not indicative of the Company's seasonal liquidity needs in the ordinary course. See Section VIII C for a discussion of certain one-time events that occurred in the 2008 first quarter and their impact on liquidity.

⁶⁶ Per interview with Karen Twitchell.

deferral of maintenance Capex. This adjustment in a stress case is appropriate based on my analysis of how certain petrochemical peers reduced their Capex during the trough period that occurred in 2001-2002. In addition, Intille opines that Capex savings of as high as 75% of planned discretionary expenditures can generally be eliminated when margins are compressed.⁶⁷ However, I have assumed that management would not implement its Capex reduction process until 2008 second half.

(\$ in millions)

Projections	2007	2008	2009	2010	2011
Core Capex ⁽¹⁾	682	649	606	611	555
Discretionary Capex	304	440	320	14	-
Implied Insurance Settlements ⁽²⁾		107	27		
Total Capex	986	1,196	953	625	555
Model Stress Tests					
Core Capex		649	606	611	555
Discretionary Capex		330	32	-	-
Implied Insurance Settlements ⁽¹⁾		107	27		
Total Capex		1,086	665	611	555
% Reduction in Discretionary Capex from Projections		25%	90%	100%	100%

Note:

(1) It is possible that an element of "Core" Capex could also potentially be deferred.

(2) I have conservatively included the implied insurance settlements of \$107 million and \$27 million in 2008 and 2009, respectively, which assumes no offsetting insurance proceeds.

Below is a comparison of the Capex utilized in the Model to the related assumptions reflected in the Lead Arrangers' downside cases.

⁶⁷ Intille Report, page 32.

**Summary Comparison of Model Stress Test Capex
Compared to Downside Cases and the Projections**

(\$ in millions)

Source	2008	2009	2010	2011	Cumulative
Goldman Sachs	645	645	620	620	2,528
Merill Lynch	645	645	620	620	2,530
Model Stress Test	1,086	665	611	555	2,917
UBS	1,093	809	576	614	3,092
Citi	959	852	794	881	3,487
ABN AMRO	961	854	796	883	3,494
Projections	1,196	953	625	555	3,329

A. Cash EBITDA required to maintain Minimum Liquidity of \$1.4 billion

The assumptions described earlier in this section, together with other assumptions described in Exhibit E, were used to calculate the amount of Cash EBITDA necessary to maintain \$1.4 billion in Desired Minimum Liquidity available as of each year end in the projection period. A summary of the Stress Test output at various price sensitivities for crude oil is shown below.

**Model Stress Test
Cash EBITDA Required to Maintain Desired Minimum Liquidity of \$1.4 billion**

(\$ in millions)

Oil Price Scenarios	2008	2009	2010	2011	Cumulative
Model Oil @ \$91.7	2,886	3,061	3,123	2,969	12,040
Model Oil @ \$100	3,046	3,061	3,123	2,969	12,200
Model Oil @ \$115	3,336	3,061	3,123	2,969	12,490
Model Oil @ \$130	3,736	3,061	3,123	2,969	12,890
Model Oil @ \$145	4,181	3,061	3,123	2,969	13,335
Projections	5,223	4,697	4,329	4,130	18,378

Stress Test results compared to Management's Projections

Shown below is a comparison of the minimum Cash EBITDA levels shown above as a percentage of the Projections.

Summary Comparison of Model Stress Test to Lead Arranger Downside Cases
Cash EBITDA Required to Maintain Desired Minimum Liquidity of \$1.4 billion
 (% of Projections)

Oil Price Scenarios	2008	2009	2010	2011	Cumulative
Model Oil @ \$91.7	55%	65%	72%	72%	66%
Model Oil @ \$100	58%	65%	72%	72%	66%
Model Oil @ \$115	64%	65%	72%	72%	68%
Model Oil @ \$130	72%	65%	72%	72%	70%
Model Oil @ \$145	80%	65%	72%	72%	73%
Projections	100%	100%	100%	100%	100%

Based on this analysis, I have concluded that:

- (i) Assuming no increase in WTI crude prices from \$91.69 on December 31, 2007, the Company only needed to generate 55% of its Projected Cash EBITDA to maintain its Desired Minimum Liquidity level in 2008. Expressed another way, this analysis shows the Company had sufficient liquidity to withstand a 45% Cash EBITDA shortfall in 2008 as compared to the Projections. Furthermore, the Company had sufficient liquidity to withstand a cumulative shortfall of Cash EBITDA of 34% over the four-year projection period under this scenario. (See circled numbers above).
- (ii) In scenarios where feedstock prices are assumed to escalate up to \$130/barrel (well beyond a reasonable projection as of the Acquisition date),⁶⁸ my analysis shows that the Company would have had adequate capital, as the Company would need to generate only 72% of its projected 2008 EBITDA to maintain its Desired Minimum Liquidity and 70% cumulatively over the entire Projection period. Expressed another way, my analysis shows that at \$130/barrel crude oil, the Company had sufficient liquidity to withstand up to a 28% Cash EBITDA shortfall in 2008 as compared to the Projections.

⁶⁸ Per O'Connor, in late 2007 the statistical probability that Maya crude oil prices would reach \$120/barrel was only 2.6%. (O'Connor Report, Chapter 5).

Stress Test results compared to the Lead Arrangers' Downside Cases

I compared the minimum required Cash EBITDA calculated under my Stress Tests to the EBITDA levels included in the Lead Arrangers' stress tests. I have listed below a summary ranking by cumulative EBITDA of the Lead Arrangers' downside scenarios compared to the Stress Tests.

Summary Comparison of Model Stress Test to Lead Arranger Downside Cases
Cash EBITDA Required to Maintain Desired Minimum Liquidity of \$1.4 billion
(\$ in millions)

Oil Price Scenarios	2008	2009	2010	2011	Cumulative
UBS	3,804	3,337	2,148	2,525	11,815
Model Oil @ \$91.7	2,886	3,061	3,123	2,969	12,040
Citi	3,599	2,827	2,493	3,131	12,050
Merill Lynch	3,784	3,124	2,772	2,874	12,554
Goldman Sachs	3,896	3,256	3,075	3,145	13,372
ABN AMRO	4,700	3,639	3,404	3,320	15,063
Projections	5,223	4,697	4,329	4,130	18,378

The effect of rising crude oil prices on the Company's liquidity is a result of:

- (i) A temporary compression in operating margins, which reduces marginal cash flow by \$13.2 million for each \$1 per barrel increase in crude oil prices; and
- (ii) The imbalance between accounts receivable and accounts payable growth causes a marginal cash flow impact of \$6.1 million for each \$1 per barrel increase in crude oil prices.

The additional earnings required to offset the marginal cash impact of rising feedstock prices causes the Company to incur higher cash taxes. The amount of this cash tax impact was calculated by applying the incremental tax rate of 35%.

The following table illustrates the calculation of the liquidity impact of crude oil price change scenarios:

Calculation of Liquidity Impact of Crude Oil Price Change Scenarios
(\$ in millions)

Oil Price Assumption (per barrel)	Loss Due to Pricing Lag	Δ A/R, net of Δ A/P	Required Additional Earnings	Cash Tax Impact	Total Liquidity Impact
\$91.7	-	-	-	-	-
\$100	(110)	(51)	160	-	(160)
\$115	(308)	(142)	450	-	(450)
\$130	(506)	(234)	739	(111)	(850)
\$145	(704)	(325)	1,029	(266)	(1,295)

The following table illustrates the impact of oil price changes on the amount of Cash EBITDA that is required to maintain Desired Minimum Liquidity:

Model Stress Tests: Required Cash EBITDA to Maintain Desired Minimum Liquidity
Reconciliation of Cash Impact of Crude Oil Price Changes
(\$ in millions)

Oil Price Assumption (per barrel)	2008 Cash EBITDA - Oil at \$91.69	Total Cash Impact	Required 2008 Cash EBITDA
\$91.7	2,886	-	2,886
\$100	2,886	160	3,046
\$115	2,886	450	3,336
\$130	2,886	850	3,736
\$145	2,886	1,295	4,181

Based on the above analysis, I have concluded that:

- i. As shown above, the Company had sufficient liquidity under my Stress Tests. Since my Stress Test shows a lower Cash EBITDA required to maintain desired Liquidity than the levels used in most of the Lead Arrangers' downside cases, I have concluded the Company had sufficient liquidity under a vast majority of the Lead Arrangers' downside cases.
- ii. As the chart below demonstrates, most of the downside cases prepared by the Lead Arrangers show that the Company had adequate capital in 2008, even assuming that the price per barrel of crude oil increased in different amounts in 2008.

**Summary Comparison of Model Stress Test to Lead Arranger Downside Cases
Cash EBITDA Required to Maintain Desired Minimum Liquidity of \$1.4 billion**
(\$ in millions)

Oil Price Scenarios	2008
Model Oil @ \$91.7	2,886
Model Oil @ \$100	3,046
Model Oil @ \$115	3,336
Citi	3,599
Model Oil @ \$130	3,736
Merill Lynch	3,784
UBS	3,804
Goldman Sachs	3,896
Model Oil @ \$145	4,181
ABN AMRO	4,700
Projections	5,223

The following chart shows the same conclusion is reached when performing the comparison on cumulative EBITDA over the entire projection period.

**Summary Comparison of Model Stress Test to Lead Arranger Downside Cases
Cash EBITDA Required to Maintain Desired Minimum Liquidity of \$1.4 billion**
(\$ in millions)

Oil Price Scenarios	2008	2009	2010	2011	Cumulative
UBS	3,804	3,337	2,148	2,525	11,815
Model Oil @ \$91.7	2,886	3,061	3,123	2,969	12,040
Citi	3,599	2,827	2,493	3,131	12,050
Model Oil @ \$100	3,046	3,061	3,123	2,969	12,200
Model Oil @ \$115	3,336	3,061	3,123	2,969	12,490
Merill Lynch	3,784	3,124	2,772	2,874	12,554
Model Oil @ \$130	3,736	3,061	3,123	2,969	12,890
Model Oil @ \$145	4,181	3,061	3,123	2,969	13,335
Goldman Sachs	3,896	3,256	3,075	3,145	13,372
ABN AMRO	4,700	3,639	3,404	3,320	15,063
Projections	5,223	4,697	4,329	4,130	18,378

- iii. As discussed above, O'Connor and Intille have concluded that the key assumptions underlying the downside cases by the Lead Arrangers generally

reflect assumptions unlikely to occur based on information known in late 2007.

B. EBITDA required to remain compliant with senior debt covenants

To meet the Company's senior covenant tests, I calculated the minimum required level of Cash EBITDA together with the associated level of liquidity (assuming no oil price increases above \$91.69/barrel). The results of these calculations are shown below:

Cash EBITDA Required to Maintain Senior Covenant Compliance
(\$ in millions)

	2008	2009	2010	2011	Cumulative
Cash EBITDA	3,769	3,170	3,332	3,240	13,511
% of Projections	72%	67%	77%	78%	74%
Liquidity	2,161	2,270	2,478	2,749	
Excess over Minimum Liquidity	761	870	1,078	1,349	

Based on this analysis, I concluded that:

- Assuming no increase in WTI crude prices from \$91.69 on December 31, 2007, the Company would have been in compliance with its senior covenants provided that the EBITDA shortfall in 2008 did not exceed 28% as compared to the Projections. Likewise, the Company would have been in compliance with its senior covenants provided that the EBITDA shortfall did not exceed 22% - 33% (depending on the year) over the entire projection period under this scenario.
- As shown below, assuming the Company generated enough EBITDA to be in compliance with its covenants, there would be sufficient liquidity to fund an increase in WTI crude prices of over 40% (over December 2007 crude oil prices – i.e., to roughly \$130/barrel):

Covenant Scenario Liquidity Cushion

(\$ in millions)

	<u>2008</u>	
Covenant Scenario Liquidity	2,161	
Less: Minimum Desired Liquidity	<u>1,400</u>	
Equals: Excess Cash	761	[A]
Net Cash Impact for \$1 Oil Change	<u>19</u>	[B]
Sustainable WTI Price Increase \$	39.4	[C] = [A]/[B]
Sustainable WTI Price Increase %	<u>43%</u>	[D] = [C]/\$91.7

In summary, based on this analysis, I have concluded that the Company had sufficient capital and liquidity to withstand many of the events that occurred in 2008 (such as the rapid increase in crude oil prices and other feedstocks). However, the unprecedented confluence and cumulative impact of multiple unforeseen events specific to the Company, along with the precipitous decline in global demand in late 2008, left the Company in a tenuous position. Against a backdrop of these factors, faced with the considerable uncertainty of unknown demand conditions and a general inability to foresee a recovery in economic conditions, as evidenced by the weakening demand outlook in January and February of 2009, the Debtors filed for Chapter 11 protection on January 6, 2009.⁶⁹

VII. Ability to Pay Debts as They Came Due

In my opinion:

1. The Company had the ability to pay its debts as they came due, as indicated by the Projections.
2. The Projections, on which the capital structure was based: (i) were prepared based on reasonable underlying assumptions; (ii) considered events and circumstances that were reasonably foreseeable at the time; and (iii)

⁶⁹On January 6, 2009, the Debtors (as defined in the Voluntary Petition filed by Basell Finance USA Inc. on January 6, 2009) filed for Chapter 11 bankruptcy protection. On April 24, 2009, LBI was voluntarily added to the Chapter 11 proceeding.

appropriately considered historical operating results for the combining entities.

- a. The Projections were developed by each management team in a reasonable manner, consistent with prior practice, and included realistic synergy assumptions. The Projections appropriately included estimated synergies that were based on reasonable analyses by the management teams, considering factors such as staffing reduction, rationalization of corporate services, purchasing leverage, manufacturing best practices and optimization of the product portfolio.
- b. The Lead Arrangers individually analyzed a range of appropriate stress tests of LBI's ability to make its debt payments as they became due, with an adequate liquidity cushion.
- c. The Projections were independently analyzed by industry analysts (CMAI and Turner) engaged by Lyondell and an affiliate of Basell. The CMAI and Turner analyses showed that the Projections, on an overall basis, were reasonable and, for the petrochemical business, were conservative.
- d. O'Connor concludes that the Projections, as they related to the refining segment, were reasonably based on market conditions that existed at the time of the Acquisition and are within the Company's operational capability.⁷⁰
- e. Intille concluded that the Projections, as they related to petrochemicals were reasonable based on product demand growth, crude oil price forecasts, operating rate forecasts at that time and GDP projections available at the end of 2007.⁷¹
- f. Through July, 2008 – after an unprecedented increase in crude oil prices (not reasonably foreseeable in late 2007), but before several major unanticipated intervening events – LBI's actual EBITDA was substantially on plan.

⁷⁰ O'Connor Report, Chapter 4.

⁷¹ Intille Report, page 14.

- g. The capital structure contemplated and put in place for the merger had a relatively low level of required amortization at approximately \$47 million per quarter through 2009 and \$395 million per year for the remainder of the projection period.⁷²
- h. In addition, the maturities of the facilities put in place were of a long duration, and for the most part beyond the expected next trough year - 2010/2011.⁷³

The Company did not have the benefit of hindsight when preparing the financial Projections. Consequently, the inability of the Company to anticipate the unprecedented crude oil price volatility, a debilitating industrial accident, two hurricanes, the collapse of the credit markets and the global recession in late 2008, all taken together, does not mean that the Projections were unreasonable at the time that they were prepared.

A. The Budgeting and Forecasting Processes at Lyondell and Basell

The Projections were prepared by the respective management teams. The Projections resulted from an iterative process throughout 2007 that started in 2006 with the normal planning cycles of Lyondell and Basell. The financial planning process was “bottom up” and began at the business unit or plant levels.

Lyondell’s annual budgeting process began in the third quarter and was performed “from the ground up,” along with the development of a five-year plan (“LRP”) by each business unit, and involved “hundreds of people.”⁷⁴ My interviews with Dan Smith, Ed Dineen, Kevin DeNicola, Karen Twitchell, Mario Portela and Norm Phillips all indicated that Lyondell’s LRP was an iterative review process, whereby Lyondell’s business planning and review group updated and refined key assumptions such as GDP growth, hydrocarbon prices, expected utilization rates, etc. The process included responsibilities such as (i) plants forecasting their specific

⁷² Lyondell, 10-K for the year ended December 31, 2007, Exhibit 4.2 – Credit Agreement, pages 84 – 85; and ACC 00142175.

⁷³ LBI, Consolidated Financial Statements, for the years ended December 31, 2008 and 2007.

⁷⁴ Deposition of Douglas Pike, October 15, 2009, pages 197 – 198.

operating costs, which became part of their budget and long-range plan; (ii) business people looking at specific products and internal and external forecasts; (iii) the planning department looking at the economic outlook; (iv) management challenging the plan and raising questions that need further study; and (v) Treasury analyzing it from a financing standpoint.

The resulting LRP was compared to outside analysts' expectations, including CMAI. The process culminated with the presentation of the LRP to the board of directors in December.⁷⁵ Per Dan Smith, on a bi-weekly basis throughout the year management reviewed operating results and updated its view of the current and following quarter ("POV").⁷⁶ Under certain circumstances (e.g., the meeting with rating agencies in April 2007), the forecasted long-term operating results were updated. Per Karen Twitchell, Treasury made an estimate on at least a bi-weekly basis of liquidity sources/uses for the next 90 days, taking the POV into consideration.

Basell followed a similar process. Each year, Basell management prepared a five-year business plan. Planning activities commenced in May of the preceding year when the Management Board developed overall expectations regarding industry growth. These expectations were converted into business unit-specific planning assumptions, which were communicated to Basell's business units. During the ensuing months each business unit prepared detailed, bottom-up projections of expected future business performance. Such information was communicated to the Controller's Group, who, together with Corporate Development, collected and processed such business unit data into financial projections. The consolidated projections were presented to the Management Board in November.⁷⁷ Also, per Alan Bigman, legacy Basell generally prepared a Treasury update of projected cash flows on a monthly basis. After the merger, LBI migrated to the cash management process previously utilized by legacy Lyondell.

The Complaint incorrectly alleges that the Projections were revised to inflate debt capacity. Rather, my review of the discovery record indicates that the Projections

⁷⁵ Deposition of Douglas Pike, October 15, 2009, pages 198 – 199.

⁷⁶ Deposition of Dan Smith, October 16, 2009, pages 24.

⁷⁷ Deposition of Eberhard Faller, October 7, 2009, pages 53 – 56. Also, based on interview with Bigman.

were updated through ordinary course management practices in place at Lyondell and Basell. Updates were based on (i) each company's operating performance, (ii) updated guidance from third party industry analysts, (iii) ongoing review of overall market conditions, and (iv) analysis of estimated synergies.

Merrill Lynch prepared a series of projections for Access (code named "Athens") pertaining to the potential acquisition of Lyondell (code named "Hugo"). These updates included a management case described in the Merrill Lynch presentation "Update Prepared for Athens Regarding Project Hugo, July 15, 2007".⁷⁸ The July 15, 2007 *Management Case* was based on Basell management projections dated July 2007, and Lyondell refinery and chemical projections were based on Lyondell management projections dated July 2007.⁷⁹ Lyondell management's projections were based on its LRP, originally presented to its board of directors on December 6, 2006, as updated for management's current market view and for the earlier sale of its inorganic chemicals business.⁸⁰ Merrill Lynch used information provided by management to update its own model, which had been developed over the prior 18 months, and believed that management's projections validated their model. Differences between the Merrill Lynch model and Lyondell's management case were not significant.⁸¹

Following is a summary of the July 15, 2007 management case projections:⁸²

	July 15, Projections				
	2007	2008	2009	2010	2011
Basell EBITDA	\$ 1,905	\$ 1,755	\$ 1,359	\$ 1,311	\$ 1,365
Lyondell Chemical EBITDA	1,680	1,807	1,464	1,301	1,276
Lyondell Refining EBITDA	1,568	1,700	1,600	1,500	1,300
Synergies	100	200	200	200	200
Total Pro Forma EBITDA	\$ 5,253	\$ 5,462	\$ 4,623	\$ 4,312	\$ 4,141

⁷⁸ LYO-UCC00078295.

⁷⁹ LYO-UCC00050404.

⁸⁰ Interviews with Smith, Kevin DiNicola and Mario Portella.

⁸¹ Deposition of Gunter Frangenberg, October 30, 2009, pages 245 – 248.

⁸² LYO-UCC00050396-0411.

In September 2007 the management teams of both companies updated the projections and incorporated a number of key refinements as outlined below. The result was the Projections that ultimately were included in the October, 2007 CIM.

1. Increasing hydrocarbon prices adversely affected margins and cash flows during the 2007 third quarter. Lyondell's use of the LIFO method of accounting for inventory, although it did not impact cash flows, further contributed to lower reported EBITDA margins. Collectively, these two issues caused Lyondell to lower its EBITDA estimates for the 2007 second half. Lyondell did not materially change its estimates for 2008 – 2011 due to expectations that product prices would catch up to input prices, which would result in margins more reflective of industry operating rates.⁸³ Intille opines that temporary shifts in industry dynamics during 2007 generally did not have long-term effects and did not warrant downgrading previous expectations for 2008. He also states that prospects for 2008 remained similar to those that had been predicted for the previous years.⁸⁴
2. Estimated operating synergies and associated costs and timing were updated based on underlying financial analysis performed by the Lyondell and Basell synergy task force.⁸⁵ See Section VII C for further discussion.
3. The Basell update excluded JV dividends of \$95 - \$151 million per year from EBITDA and included modestly more conservative growth assumptions.⁸⁶ Additionally, the Basell projections did not reflect projected operating results of Berre.

⁸³ LYO-UCC00061926 – 00061965.

⁸⁴ Intille Report, page 25.

⁸⁵ LYO-UCC00061958 – 00061961.

⁸⁶ LYO-UCC00061964.

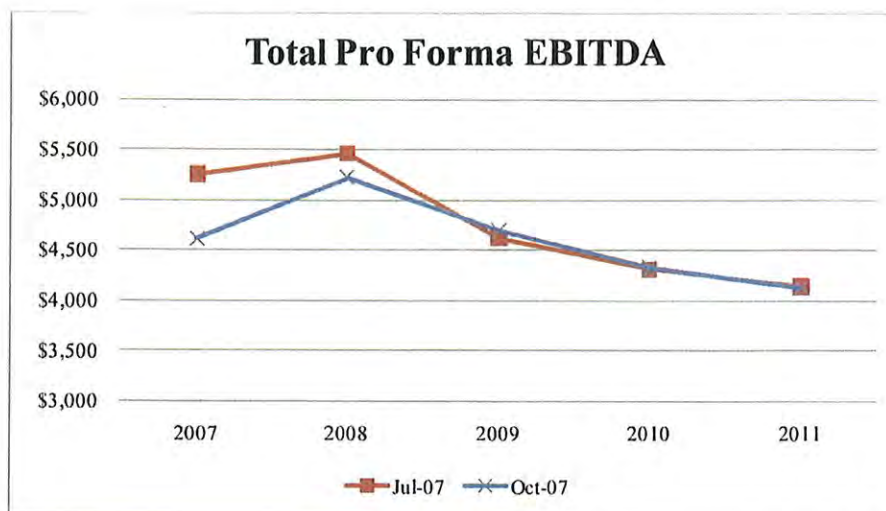
Following is a summary of the Projections and the changes from the July 15, 2007 projections (\$ in millions).⁸⁷

	October 2007 Projections				
	2007	2008	2009	2010	2011
Basell EBITDA	\$ 1,755	\$ 1,681	\$ 1,343	\$ 1,109	\$ 1,135
Lyondell Chemical EBITDA	1,409	1,815	1,472	1,318	1,293
Lyondell Refining EBITDA	1,449	1,700	1,600	1,500	1,300
Total EBITDA	4,613	5,196	4,415	3,927	3,728
Synergies (Gross)	-	200	340	420	420
Implementation Costs	-	(155)	(40)	-	-
Other	-	(18)	(18)	(18)	(18)
Total Pro Forma EBITDA	\$ 4,613	\$ 5,223	\$ 4,697	\$ 4,329	\$ 4,130
<i>% change from Prior Case</i>					
<i>Basell EBITDA</i>	-7.9%	-4.2%	-1.2%	-15.4%	-16.8%
<i>Lyondell Chemical EBITDA</i>	-16.1%	0.4%	0.6%	1.3%	1.4%
<i>Lyondell Refining EBITDA</i>	-7.6%	0.0%	0.0%	0.0%	0.0%
<i>Total Pro Forma EBITDA</i>	-12.2%	-4.4%	1.6%	0.4%	-0.3%

Final 2007 EBITDA for Lyondell was \$3.1 billion, including an adjustment of \$869 million for the impact of LIFO accounting. Basell actual 2007 EBITDA was approximately \$2 billion.⁸⁸ A comparison of the July 15, 2007 projections and the Projections is graphically shown below (\$ in millions):

⁸⁷ The Projections were presented to, and approved by the LyondellBasell Supervisory Board on December 21, 2007. LYO-UCC 00411785 – 00411806.

⁸⁸ LYO-UCC 00390508.



B. Projections Utilized

My analysis herein is based on the Projections. These Projections, prepared by the management teams of Lyondell and Basell and vetted by third party industry analysts CMAI and Turner, are the most recently prepared projections available as of the Acquisition. The Projections were included in the CIM provided to potential loan syndication participants.

I considered many sources of evidence produced in this matter, as well as the Intille and O'Connor Reports, and other information available in the public domain to determine whether the facts and circumstances known or foreseeable at the time that the Projections were prepared either supported or refuted the key underlying assumptions made in the Projections.

C. Key Underlying Assumptions of the Projections

Following is a discussion of certain key underlying assumptions on which the Projections are based.

Capacity

Per the O'Connor Report, the Houston refinery had a capacity of 270,000 barrels per day, which is more than double the average capacity of refineries in the U.S.

O'Connor further indicates that Lyondell specialized in heavy crude oil refining, with heavy crude runs representing 95.9% of their 2007 crude runs.⁸⁹

According to the Intille Report, margins in the petrochemical industry are closely correlated with the operating rate of market production capacity. Intille notes that world ethylene operating rates were expected to decline from their relatively high 2007 levels of 93% to a low of 86% in 2010 and 2011.⁹⁰ Similarly, Intille notes that world polyethylene operating rates were expected to decline from 86% in 2007 to 82% in 2010.⁹¹ He concludes that the operating rate assumptions used to prepare the Projections were generally consistent with these assumptions and were therefore reasonable when prepared in late 2007.⁹²

i. Margins

O'Connor concludes that the refinery margins utilized in the Projections, \$29.88/barrel for 2008, decreasing to \$23.11/barrel in 2011, were reasonable, credible and consistent with market conditions in late 2007. He further indicates that the Company exceeded these projections through the 2008 first half, realizing margins of \$30.63/barrel.⁹³

Intille analyzed margin assumptions for LBI's major petrochemical product categories: ethylene, high-density polyethylene and polypropylene. Intille concludes that margins utilized in the Projections were reasonable given the industry outlook at the time. He indicates that margin forecasts properly reflect an increase in supply and a minor decline in economic activity, which was consistent with the general outlook at the time.⁹⁴

⁸⁹ O'Connor Report, Chapter 4.

⁹⁰ Intille Report, page 20.

⁹¹ Intille Report, page 22.

⁹² Intille Report, page 14.

⁹³ O'Connor Report, Chapter 4.

⁹⁴ Intille Report, page 16.

1. Industry Cycle

Refining Industry

The refining industry is more traditionally defined by its seasonality as opposed to cyclicity.⁹⁵ Overall demand has steadily risen over recent history. O'Connor notes that global demand for petroleum products had increased steadily from 2004 to 2007, and in late 2007 there were few signs that the global and U.S. markets would suffer the unprecedented decline in demand that took place in 2008 second half. Further, global growth in diesel demand was then viewed as a favorable trend for LBI, which was well positioned to take advantage of this trend due to its high yield of diesel production compared to other U.S. refiners.

Petrochemical Industry

The petrochemical industry is cyclical in nature. Demand is driven by overall economic conditions and the supply/demand for end user products. As discussed earlier, margins also are driven by the operating rates of market production capacity. As such, petrochemical manufacturers experience peaks and troughs, which are defined by the level of margin firms are able to achieve.

According to Intille, during 2007 it was generally believed that the petrochemical industry was coming off of a peak, and that new capacity would be coming on line would put downward pressure on petrochemical operating rates and profits. During 2007, however, construction delays at new plants in the Middle East caused analysts to change their estimate regarding when new capacity would actually come on line.⁹⁶

Intille reviewed CMAI's contemporaneously prepared industry forecasts, and determined that they were consistent with the assumptions underlying the Projections.

Trough to Trough Changes to the Business

Actions taken by management teams at both companies since the previous petrochemical trough, which occurred in 2001-2003, positioned LBI to achieve more

⁹⁵ O'Connor Report, Chapter 4.

⁹⁶ Intille Report, page 24.

stable results through the next industry trough by focusing on expanding markets and rationalizing operations in developed ones.⁹⁷ Following are some examples of changes in the Company's overall business which would serve to lessen the extent of the next trough.

1. Lyondell's acquisition of the remaining stake in Houston Refining in August 2006 provided the Company with an increased earnings base. Moreover, as discussed in interviews with Dan Smith, former CEO of Lyondell and Norm Phillips, the renegotiation of the supply agreement with PDVSA Oil, done in connection with the Houston Refining transaction, provided the Company an opportunity to achieve higher margins per barrel.⁹⁸
2. Basell had redefined its geographic footprint in advanced polyolefins since 2003 by opening a number of new plants in high growth regions, including Brazil and China, where the supply/demand dynamic was expected to be more favorable relative to developed countries. Management also focused on closing underperforming sites and expanding its most successful operators in Western Europe and North America. Further, Basell opened a new, higher technology catalloy plant in North America that added to the Company's earnings potential, while concurrently rationalizing its other North America facilities to expand its operating margins.⁹⁹
3. Since 2003, Basell management had continually rationalized its plant footprint in the Olefin and Polymers segment by shutting down underperforming facilities and expanding production and capacity at higher margin plants. In addition, worldwide capacity conditions and the acquisition of crackers in France and Germany as well as the conversion of an Italian plant to LBI's proprietary *Spherizone* technology (higher quality, more in-demand, PP production) were also expected to result in a more stable earnings base versus the 2001-2003 period.¹⁰⁰

⁹⁷ CIM, pages 39 - 40. LYO-UCC00121396 - 00121397.

⁹⁸ Ibid.

⁹⁹ Ibid.

¹⁰⁰ Ibid.

4. As discussed in the CIM, and consistent with comments made to me by Dan Smith, the outlook for the PO market was expected to remain tight in the upcoming trough. Operating rates were projected in the mid 90% range. The industry was expected to grow at 4% annually through the forecast period, satisfying the supply increases slated to come on-line in 2008/2009 in China. Moreover, despite this increase in supply in China, the country was still expected to be a net importer of PO, limiting its impact on the supply/demand dynamic in developed regions.¹⁰¹
5. As discussed in the CIM, and consistent with comments made to me by Alan Bigman, JV income and Technology earnings were forecasted to show modest increases from the prior trough. Higher JV dividend income was forecasted due to plant openings in Poland, Saudi Arabia and Mexico that were operational and already beginning to yield dividends. LBI's Technology group was also operating from a higher earnings base than the 2001-2003 trough as the number of operational petrochemical plants increased and more new plants were expected to come online in the upcoming years.¹⁰²

Frangenberg testified that "one of the driving factors in terms of the attractiveness of the combination of these two companies was namely the fact that you would be putting two businesses together that to a certain degree had, on a combined basis, a much – a number of businesses that were much more stable and much less exposed to the petrochemical cycle."¹⁰³

CMAI believed that the coming trough would be, on average, less severe than the previous trough for industry participants. For example, page II – 9 of the CMAI analysis of the Projections shows ethylene price and margin forecasts in 2010 and 2011 at higher levels than in the prior trough.¹⁰⁴

Intille notes that the severity of the trough would be reduced by the broadening of the product portfolio to include higher technology products such as advanced polyolefins, which have more stable earnings profiles and the cross transfer of

¹⁰¹ Ibid.

¹⁰² Ibid.

¹⁰³ Deposition of Gunter Frangenberg, October 30, 2009, pages 254 – 255.

¹⁰⁴ ABN_LYNB00012748.

technology across product lines and regions. The merger created opportunities to reduce overlaps in the polymers businesses of the combined companies.¹⁰⁵

2. Demand

Intille and O'Connor provide information and analyses related to industry demand forecasts as they existed in late 2007 for the period covered by the Projections.

O'Connor indicates that U.S. gasoline and diesel demand had grown consistently through 2007.¹⁰⁶ As O'Connor notes, as of late 2007, the dramatic dropoff in demand that occurred in late-2008 was not foreseen by Turner or EIA.¹⁰⁷ O'Connor concludes that the demand projections used by Lyondell were reasonable, based on information known at the time they were prepared.¹⁰⁸

Intille states that in August 2007 IBIS reported that petrochemical ethylene prices had risen for six consecutive months, boosted by healthy domestic and international demand for ethylene and its derivatives. At this time, while 2007 had seen signs of possible oversupply, IBIS reported that by 2010 there could be another period of oversupply and subsequent drop in profitability.¹⁰⁹ Intille concludes that the IBIS demand forecasts were generally consistent with the underlying assumptions utilized in the Projections.¹¹⁰

3. General Economic Conditions

The strength or weakness of the worldwide and U.S. economy impacts the petrochemical manufacturing and crude oil refining industries. One of the primary economic indicators often cited by industry analysts to evaluate such trends and forecasts include Real Gross Domestic Product ("GDP").¹¹¹ Intille commented in his report that an industry-wide driver of the petrochemical industry is the price of crude oil and the state of world and regional economic growth.¹¹² Intille stated that the

¹⁰⁵ Intille Report, page 27.

¹⁰⁶ O'Connor Report, Chapter 4.

¹⁰⁷ O'Connor Report, Chapter 5.

¹⁰⁸ O'Connor Report, Chapter 4.

¹⁰⁹ Intille Report, page 23.

¹¹⁰ Intille Report, page 25.

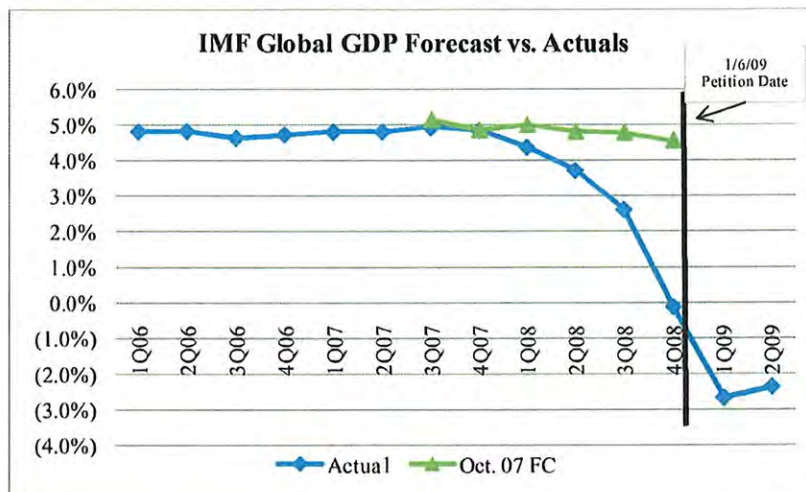
¹¹¹ GDP is a measure of the value of goods and services produced by an economy in a given time period.

¹¹² Intille Report, page 7.

level of GDP determines the level of petrochemicals containing fabricated packaging, tires consumed or other product demands of the consumer.¹¹³

Since approximately 45% of LBI's revenues were generated outside North America, it is important to understand both the global and the US economic outlook to forecast demand for LBI's products.¹¹⁴

In October 2007, the International Monetary Fund ("IMF") forecasted annualized global GDP to range between approximately 4.5% and 5.2% for the 2007 third quarter through 2008 fourth quarter.¹¹⁵ This forecast was on track until mid-2008 when global GDP suddenly fell sharply.¹¹⁶ The graph below illustrates that, at the global level, the steep decline in GDP at the end of 2008 was not anticipated in October 2007.



Similar to the general trend of global GDP growth in 2007, the IMF forecasted annualized United States GDP to range between 2.0% and 2.9% for the 2007 second quarter through 2008 fourth quarter.¹¹⁷ As shown below, U.S. GDP was on track with forecasts through mid-2008 when, along with global GDP, it fell precipitously to

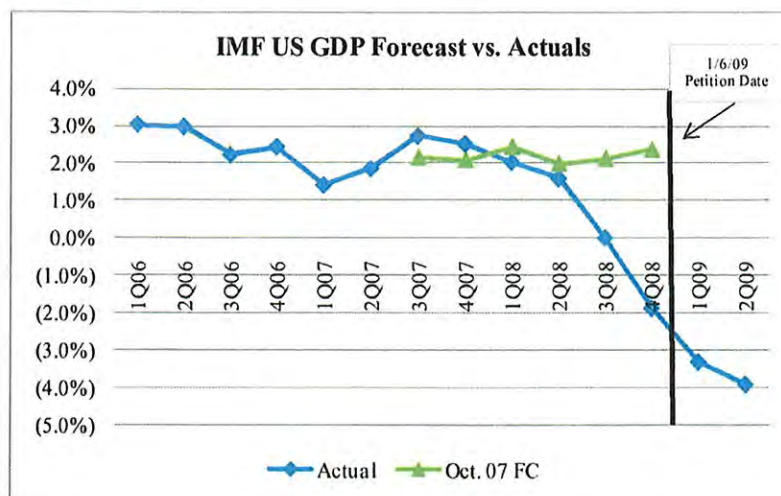
¹¹³ Intille Report, page 5.

¹¹⁴ LBI Consolidated Financial Statements for the Year ended December 31, 2008, Segment and Related Information, p. 64. - approximately \$28 billion of \$50.7 billion revenue is from North American operations.

¹¹⁵ IMF World Economic Outlook, April 2007, October 2007, October 2009, Figure 1-7 and Figure 1-9.

¹¹⁶ Global annualized GDP percentage growth is greater than US annualized GDP because the statistic includes emerging and developing countries unlike the mature markets in the US.

0.0% in the 2008 third quarter, and fell further to negative (1.9%) in the 2008 fourth quarter as illustrated below.



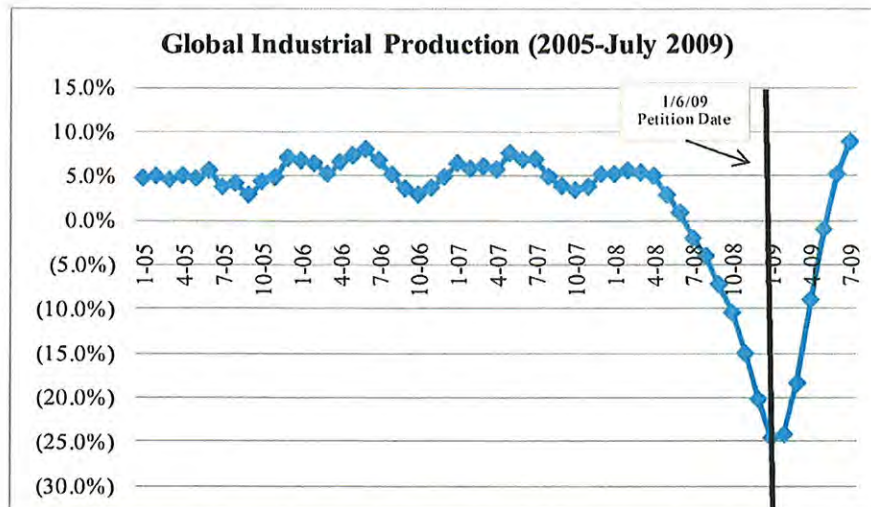
Global and U.S. GDP trends are consistent with the precipitous decline in global industrial production during the same comparative time period.¹¹⁷ According to data provided in the IMF World Economic Outlook as of October 2009, the decrease in industrial production at the end of 2008 through the beginning of 2009 was dramatic.

For example, the global rate of industrial production from January 2005 through April 2008 had ranged between 2.9% to 8.0% with an average of 5.3%. In comparison, the steep and sudden decline in global industrial production that began in mid-2008 was not anticipated in 2007.¹¹⁹

¹¹⁷ IMF Economic Outlook, April 2007, October 2007, April 2008, October 2009, Figures 1-7, Figure 1-9 and Figure 1-11.

¹¹⁸ IMF World Economic Outlook dated October 2009 (figure 1-1)

¹¹⁹ This graph illustrates the annualized percent change of three-month moving average over previous three-month moving average.



In summary, during the 2007 second half, while economic indicators showed signs of modestly slower growth for 2008 and beyond, the true timing and severity of economic events that would significantly affect the overall U.S. and global economies in 2008 could not have been reasonably anticipated.

ii. Crude Oil Prices

O'Connor states that the outright price of crude oil generally does not have a material impact on refining segment EBITDA, but does impact working capital requirements.¹²⁰

The Intille Report states that changing crude oil prices have an immediate and important impact on the financial profitability and performance of many of Lyondell's and Basell's manufacturing operations. The financial performance also is impacted by the global and regional supply/demand balance for the commodity and fuel products produced by the two companies in their respective regional markets where their manufacturing facilities are located.¹²¹ Per my interviews with Smith, Edward Dineen and others, price increases generally lag feedstock increases, but eventually catch up (i.e., margin pressure and working capital build in the short term followed by improved margins and lower working capital needs). Conversely, price reductions lag feedstock decreases, creating near-term margin enhancement. See my

¹²⁰ O'Connor Report, Chapter 1.

¹²¹ Intille Report, page 7.

analysis of capital adequacy (Section VI) for my stress tests of crude oil price sensitivities.

iii. Synergies

The July 15 projections assumed overall annual synergies of \$200 million from the combination. Per my interview with Alan Bigman, this number was viewed at the time by Basell and Access to be a conservative “placeholder” requiring further analysis. Subsequently, a task force was assembled to identify specific synergies and plan their implementation.

Intille concludes that the merger provided the critical competitive advantage of the combined business, in terms of competitive position and geographic diversification. Intille also states that the merger provided opportunities to (i) reduce overhead, (ii) leverage combined technologies across plants, (iii) increase purchasing power and (iv) achieve transportation cost savings.¹²²

The Projections included annual synergies to be achieved over a three-year phase-in period of approximately \$200 million in 2008, an additional \$140 million in 2009 and an additional \$80 million in 2010, for a total annual savings of approximately \$420 million by year-three.¹²³ Net of implementation costs, these synergies were projected to add approximately \$45 million and \$300 million to EBITDA in 2008 and 2009, respectively, and \$420 million annually in 2010 and beyond.¹²⁴ Expected synergies identified by the task force listed in the order of their estimated potential financial benefits (greatest to least), were as follows:¹²⁵

1. Staffing – \$122 million
 - a. Rationalization of corporate office, staff/service functional, IT and R&D department personnel.
2. Manufacturing – \$91 million
 - a. Implementation of manufacturing best practices across the combined organization;

¹²² Intille Report, page 27.

¹²³ LYO-UCC00061926-1965.

¹²⁴ CIM, page 38. LYO-UCC00121395.

¹²⁵ LYO-UCC00061926-1965.

- b. Better utilization of available equipment for in-house compounding,
 - c. Implementation of advanced process controls and process optimization tools;
 - d. Use of Basell's polyethylene catalysts in North America.
- 3. Polymers Revenue Enhancement – \$71 million
 - a. Implementation of Lyondell polymer pricing tools across LBI;
 - b. Optimization of product portfolio to leverage high value offerings; and
 - c. Realignment of the Morris polypropylene plant to produce only specialty products.
- 4. Purchasing Leverage – \$49 million
 - a. Propylene large volume buyer discounts
 - b. Insurance optimization
 - c. Chemicals, catalysts, materials and services
 - d. Global refining feedstock optimization
- 5. Technology – \$30 million
 - a. Leveraging engineering infrastructure and best practices
 - b. Adding new technologies to technology licensing portfolio
 - c. Optimization of polyethylene catalyst types and manufacturing facilities on a global basis.
- 6. Logistics – \$21 million
 - a. Consolidation of distribution centers
 - b. Leveraging transportation logistics infrastructure
 - c. Exploitation of pipeline and storage infrastructures
- 7. Compensation and Benefits – \$14 million
 - a. Benefit plan redesign
 - b. Recruiting and talent management systems optimization
 - c. Common payroll platform

8. Site Consolidation - \$12 million
 - a. A single North American HQ/business location
 - b. A single European HQ/business location
 - c. A common R&D technical center
9. Other Synergies – \$11 million

The Complaint incorrectly alleges that Lyondell manipulated these synergies in its projections to “bring earnings to where they needed to be rather than based on any expected cost-savings from the merger.”¹²⁶ I am not aware of any facts that support this allegation. The task force’s estimate of potential synergies was developed through a thoughtful, collaborative process. Per Alan Bigman, additional in-depth analysis of potential synergies could not be conducted until after the Acquisition closed, since Lyondell was a public company. Merrill Lynch performed a benchmarking analysis of previously closed large business combinations. This analysis showed that the estimated \$420 million in annual synergies was reasonable.¹²⁷

Frangenberg testified that the projected synergies “were rather conservative,”¹²⁸ and that the analyst community held a common perception that “there was a lot of industrial logic to it (the Acquisition) including the ability again to combine two businesses that somewhat move in different cycles, have more stable businesses with respect to the Basell business, mitigating some of the cyclical effect that the EC&D business had on Lyondell.”¹²⁹

Additionally, industry analysts HSBC and Lehman Brothers recognized potential synergies of a combined Lyondell-Basell merger. Specifically, in its July 16, 2007 report (issued prior to the announcement of the acquisition), HSBC noted that:

¹²⁶ See Complaint at paragraphs 171, 177 and 179.

¹²⁷ LYO-UCC 00018289.

¹²⁸ Deposition of Gunter Frangenberg, October 30, 2009, page 259.

¹²⁹ Deposition of Gunter Frangenberg, October 30, 2009, page 258.

“... Basell has significant synergies with Lyondell derived from a complementary long-short propylene position.”¹³⁰

Lehman also highlighted synergies between Lyondell and Basell by stating that:

“LYO is the largest US merchant seller of propylene (about 4 B lbs), while Basell is one of the largest merchant buyers of propylene (2.6 B lbs) in the US. In addition, LYO is also a large merchant seller of ethylene in US (about 2.4 B lbs), while Basell is short ethylene (800 M lbs) and propylene in Europe so Basell might swap Lyondell's extra ethylene and propylene production in US to compensate for its shortage in Europe on both ethylene and propylene.”¹³¹

D. Projections v. Industry Analysts

I reviewed various industry analyst reports prepared during 2007 to determine if the overall view of those analysts supported the key assumptions used to prepare the Projections.¹³² Exhibit D is a summary of selected analysts' views on the following topics: (i) the overall prospects for the petrochemical and refining industries, (ii) the timing of the next trough, (iii) crude oil price expectations, and (iv) Lyondell's stock price. Although all analysts did not necessarily share the same view at all points in time, I found that the analyst's views, taken as a whole, generally support the key underlying assumptions used to prepare the Projections, as summarized below.¹³³

i. Prospects for the Industries

The following paragraphs summarize contemporaneous views by selected analysts of the petrochemical and refining industries at then end of 2007.

Petrochemical Manufacturing

In October 2007, IBIS reported that, on a global basis, CMAI was predicting that the worldwide demand for petrochemicals would grow at an average rate of 3% per annum over the period to 2020. CMAI predicted that over the next five year period worldwide demand for both ethylene and propylene would average 4% plus per

¹³⁰ HSBC report dated July 16, 2007, p. 7.

¹³¹ Lehman Brothers Equity Research “Access Industries: TNK – BP JV, Basell, Lyondell,” dated August 10, 2007.

¹³² Legacy Basell was not a publicly traded company, and therefore, analyst reports were not available.

¹³³ Analysts often make reference to industry data compiled by third parties such as CMAI, IBIS and Turner.

annum though in the case of the former, there might be a drop off in global capacity utilization rates by the end of the decade due to new ethylene capacity increases in the Middle East and China.¹³⁴

Refining

The worldwide refining industry was in the midst of an extended period of strong margins due largely to inadequate capacity to supply the expected demand growth for refined products, especially in North America and Asia.¹³⁵ In November 2007, Morgan Stanley reported that utilization rates and margins in global refining would remain high and above historic norms during the 2008-2009 period.¹³⁶ In December 2007, Bear Stearns noted that it believed that market fundamental for refiners had largely peaked with margins coming off of historical highs and that the credit momentum in the sector was now biased towards the downside as new capacity and high crude prices would continue to pressure margins.¹³⁷ The Projections assume margin pressure in the Company's refining segment; refining spreads decrease from \$30.41/barrel in 2008 to \$23.63/barrel in 2011.¹³⁸

ii. Anticipated Trough

As discussed earlier, the petrochemical business is cyclical in nature. It experiences periods of peaks and troughs, based on the level of margins industry participants are able to achieve from supply/demand dynamics. Analysts generally expected petrochemical industry margins to transition to a cyclical trough in 2009-2011 as operating rates fell due to the anticipated additional global capacity to come on-line.¹³⁹ IBIS reported that Dow Chemical commented that the overall chemicals industry might not hit the bottom of the current down cycle until 2010 or 2011, while

¹³⁴ IBIS World Industry Report, Petrochemical Manufacturing in the US, October 17, 2007, page 41.

¹³⁵ Turner Mason & Company report, October 2007, ABN_LYNB0001895 - 0001955.

¹³⁶ Morgan Stanley, November 2007.

¹³⁷ Bear Stearns, December 13, 2007.

¹³⁸ CIM, page 76.

¹³⁹ HSBC US Chemicals, "The Capital Cost Conundrum" dated July 2, 2007; Deutsche Bank Commodity Chemicals, "Ethylene Cycle: The End is Near," dated June 13, 2007.

other analysts predicted that the petrochemical component of the industry would experience strong conditions until 2009.¹⁴⁰

iii. Crude Oil Price Expectations

In late 2007, analysts did not expect crude oil prices to reach record levels or encounter extreme volatility in 2008, nor did they anticipate the subsequent collapse in demand for petrochemicals. Even after record crude oil prices occurred in late 2007, industry analysts anticipated that prices would decline and then stabilize.¹⁴¹ In the December 2007 Wall Street Journal Forecasting Survey, of the 43 economists who provided a forecast for crude oil prices as of June 30, 2008, only three predicted a crude oil price in excess of \$100/barrel, and the highest prediction was \$110/barrel. The vast majority of those surveyed predicted crude oil prices between \$75 and \$85/barrel by June 30, 2008.¹⁴² These forecasts generally were consistent with the contemporaneous forward curves (see summary of 2007 forward curves – Section VIII).

iv. Lyondell Stock Price

After the “toe-hold” purchase of Lyondell stock by Access, certain analysts had begun to discuss a possible purchase of Lyondell by Basell, and estimated the high end of the range of its stock value in the mid-40’s.¹⁴³ Certain analysts believed that an acquisition of Lyondell by Basell would provide vertical integration and enhanced market reach. Certain analysts also noted that there would be substantial synergies in putting Lyondell together with “an integrated or offshore refinery/chemical producer” like Basell.¹⁴⁴

¹⁴⁰ IBISWorld Industry Report, Petrochemical Manufacturing in the US, July 4, 2007, page 41.

¹⁴¹ IBIS World Industry Report, Petroleum Refineries in the U.S., June 8, 2007, p. 29; IBIS World Industry Report, Petroleum Refineries in the U.S., January 11, 2008, p. 40.

¹⁴² WSJ Forecasting Survey, December 2007.

¹⁴³ BB&T Capital Partners report on Lyondell Chemical dated May 15, 2007.

¹⁴⁴ JP Morgan NA Equity Research Lyondell Chemical: “One Month to Closing” as of October 26, 2007

E. The Projections v. 2007 Financial Results

In the sections below, I have summarized the financial results of Basell and Lyondell as of September 30, 2007, which were considered in the context of an evaluation of key underlying assumptions of the Projections.

Following are the combined historical results of LBI on a pro forma basis (excluding net synergies and other adjustments):

LyondellBasell Proforma Historical EBITDA Margins Compared to LBI Projected EBITDA Margins

\$ in millions	LBI Proforma Historical		LyondellBasell Projected			
	2006 PFM	PF Sep-07	2008E	2009E	2010E	2011E
Revenue	\$ 38,770	\$ 42,804	\$ 37,293	\$ 39,292	\$ 40,173	\$ 40,475
EBITDA	\$ 4,431	\$ 4,990	\$ 5,196	\$ 4,415	\$ 3,927	\$ 3,728
EBITDA% (unadj.)	11.4%	11.7%	13.9%	11.2%	9.8%	9.2%

Sources:

November 2007 CIM Public Side Presentation

LyondellBasell Projected: from the model in the October 2007 CIM, ACC00142175

Summary of Basell's 2007 First-Third Quarter Earnings

The Projections were reasonable compared with Basell's historical financial results. Despite Basell's strong performance in 2007, as of October 2007, its EBITDA forecast for 2008 was below its then full year forecast for 2007.

Basell Proforma Historical EBITDA Margins Compared to Basell Projected EBITDA Margins

\$ in millions	Basell Proforma Historical		Basell Only Projected			
	2006 PF	TTM PF Sep-07	2008E	2009E	2010E	2011E
Revenue	\$ 13,287	\$ 16,268	\$ 14,809	\$ 16,167	\$ 16,012	\$ 17,502
EBITDA	\$ 1,257	\$ 1,770	\$ 1,681	\$ 1,343	\$ 1,109	\$ 1,135
EBITDA %	9.5%	10.9%	11.4%	8.3%	6.9%	6.5%

Sources:

November 2007 CIM Public Side Presentation

Basell Projected: from the model in the October 2007 CIM, ACC00142175

The 2007 first quarter EBITDA increased by 71% as compared to 2006 first quarter. Excluding dividends, EBITDA for the last twelve months ("LTM") was

€1,135 million, or approximately \$1.5 billion. Additionally, management's outlook for 2007 second quarter was positive across all three divisions (Polyolefins, Technology and APO), and management cited expanding demand in 2007 second quarter, particularly in Europe.¹⁴⁵

Similar to the first quarter, 2007 second quarter results exhibited stable growth, with EBITDA up 27% over the 2006 second quarter. Excluding dividends, LTM EBITDA increased to €1.274 billion, or approximately \$1.7 billion. Management's outlook for 2007 third quarter was positive across all three business segments.¹⁴⁶

The substantial growth in earnings in the first half of 2007 as well as Basell's estimate for the third quarter of 2007 resulted in management's 2007 EBITDA outlook to be \$1.9 billion, including dividends.

Basell's 2007 third quarter results continued the trend of growing earnings with EBITDA up 54% year-over-year. Excluding dividends, LTM EBITDA was €1.323 billion, or approximately \$1.8 billion. The short term outlook continued the positive trend, and the company commented that early 2007 fourth quarter was showing growth across all three segments.¹⁴⁷

The 2008 EBITDA estimate for Basell used to prepare the Projections was \$1.68 billion, representing a 4% decrease from the then projected 2007 EBITDA of \$1.755 billion.

Additionally, Basell's projections did not include operating results of Berre.

Summary of Lyondell's 2007 First – Third Quarter Earnings

The Projections were reasonable compared with Lyondell's historical financial results. Although Lyondell's 2007 quarterly EBITDA results for the first three quarters were lower than analysts' consensus expectations as reported by Bloomberg, this result was due in part to its use of the LIFO method of accounting for inventory and margin compression related to a contract adjustment lag in petrochemicals. Both of these factors had a negative impact on earnings during this period of rising

¹⁴⁵ Basell AFSCA Quarterly Review – First Quarter 2007.

¹⁴⁶ Basell AFSCA Quarterly Review – Second Quarter 2007.

¹⁴⁷ Basell AFSCA Quarterly Review – Third Quarter 2007.

commodity prices. Lyondell also incurred \$120 million of non-recurring SG&A costs related to compensation that was tied to the company's stock price performance.¹⁴⁸

Lyondell reported adjusted EBITDA in the 2007 first quarter of \$459 million, down 40% from the 2006 first quarter and 41% lower than the 2006 fourth quarter.¹⁴⁹ Smith commented in the 2007 first quarter press release that, "I don't see the first quarter's results as an indicator of the balance of the year. Rather, it is merely an example of the volatility created by energy prices," and that the "outlook for our chemical and fuel business continues to be very positive...our portfolio should demonstrate strong earnings and cash generating capabilities."¹⁵⁰

Lyondell's second quarter 2007 adjusted EBITDA was \$840 million, up 32% year-over-year and 85% higher than the first quarter. Smith commented that, "The strength in our refining operations was quite clear during the quarter and demonstrated the way in which the segment complements our chemical operations and provides balance within our portfolio. While our refining and fuel products benefited from the strong fuel markets, similar dynamics within the energy markets pressured our chemical products."¹⁵¹

Lyondell reported adjusted EBITDA for the 2007 third quarter of \$684 million, an increase of 33% year-over-year. Smith commented that, "year-to-date results have not reflected existing industry operating rates...margins did not expand to levels that we believe reflect the supply/demand balance."¹⁵²

Expectations for 2008

Based on my review of the Intille and O'Connor Reports, Lyondell's overall product margins generally were expected to increase in 2008 due to anticipated price increases, which had been lagging feedstock cost increases throughout 2007 second half.¹⁵³ This view also is consistent with my interview with Dan Smith. As a result

¹⁴⁸ Management reported that the increase in incentive based compensation, tied to Lyondell's increasing share price, amounted to an additional \$120 million in YTD 2007 third quarter as compared to the prior year.

¹⁴⁹ Adjusted EBITDA includes the add back of a charge taken at the refining segment related to closure of the TDI facility (Lake Charles) in 2005.

¹⁵⁰ Lyondell 2007 first quarter earnings press release.

¹⁵¹ Lyondell 2007 second quarter earnings press release.

¹⁵² Lyondell 2007 third quarter earnings press release.

¹⁵³ O'Connor Report, Section 4, Intille Report, page 18.

of the foregoing, and as summarized in the Intille and O'Connor Reports, in late 2007 it was reasonable for Lyondell management to reconfirm its 2008 EBITDA and earnings estimates.

After adjusting for the impact of LIFO, Lyondell's LTM 2007 third quarter EBITDA was \$3.2 billion or 12.3% of revenue as compared to \$2.6 billion or 10% of revenue under the LIFO method. Following is a comparison of Lyondell's operating margins to the Projections (adjusted for LIFO):

Lyondell Proforma Historical EBITDA Margins v. Lyondell Projected EBITDA Margins						
\$ in millions	Lyondell Proforma		Lyondell Only Projected			
	TTM PF					
	2006 PF	Sep-07	2008E	2009E	2010E	2011E
Revenue	\$ 25,539	\$ 26,590	\$ 22,484	\$ 23,125	\$ 24,161	\$ 22,972
EBITDA (LIFO)	\$ 3,304	\$ 2,945	N/A	N/A	N/A	N/A
EBITDA (FIFO)	\$ 3,470	\$ 3,425	\$ 3,515	\$ 3,072	\$ 2,818	\$ 2,593
EBITDA (LIFO) %	12.9%	11.1%	N/A	N/A	N/A	N/A
EBITDA (FIFO) %	13.6%	12.9%	15.6%	13.3%	11.7%	11.3%

Sources:

November 2007 CIM Public Side Presentation

12/31/07 Lyondell 10-K

3/31/08 Lyondell 10-Q

6/30/08 Lyondell 10-Q

9/30/08 Lyondell 10-Q

Lyondell Projected: from the model in the October 2007 CIM, ACC00142175

Lyondell's EBITDA margin was expected to decline in the out years of the projection period as the petrochemical industry entered an assumed trough period, and the refining industry was expected to experience margin compression.

F. Projections Reviewed by Third Party Industry Experts

In October 2007, at the request of the Lead Arrangers, an affiliate of Basell retained CMAI to, among other things, review projections of Lyondell's and Basell's petrochemical businesses.¹⁵⁴ In September 2007, Lyondell retained Turner to issue a

¹⁵⁴ CMAI000017 – 000027.

formal report providing (i) “a general overview of the refining industry,” and (ii) a “high-level assessment of the general competitiveness of Lyondell’s Houston refinery and the reasonableness of (Lyondell’s) business plan.”¹⁵⁵

CMAI prepared a 223 page report that was comprised of six major sections including: (i) a market overview outlining historical and forecasted capacity, operating rates, demand and import levels for Lyondell and Basell’s products across multiple regions; (ii) price, margin and spread forecasts for all major Lyondell and Basell products, primarily in the U.S. and Western Europe; (iii) analysis of the competitiveness of Lyondell and Basell facilities based on total share of capacity in their prospective regions; (iv) possible external environment challenges, including economic pressures, product substitution, technology changes and environmental factors; (v) a review of Basell’s business and Capex plan; and (vi) a review of Lyondell’s business and Capex plan. Note that CMAI issued reliance letters to the Lead Arrangers, in which CMAI confirmed that the Lead Arrangers could rely on CMAI’s report and could disclose their report to various parties, including potential syndicate members.¹⁵⁶

Similar to CMAI, Turner prepared a report on the refining industry and Lyondell’s refining segment projections. The report was comprised of a detailed overview and outlook for the global, U.S. and Gulf Coast refining industry, with specific analysis of any developments that would impact the Houston refinery. The report also included an assessment of the Houston refinery and its competitiveness in the U.S. refining industry. Finally, Turner’s analysis incorporated an independent review of Houston Refining’s projections that incorporated Turner’s outlook for key margin and spread forecasts as well as an analysis of Lyondell’s planned Capex for the refinery.

See the O’Connor and Intille Reports for further discussion and analysis of Turner and CMAI, respectively.

¹⁵⁵ LYO-UCC 00492843 – 00492845.

¹⁵⁶ AHG_000037986 – 000037997, CMAI000028 – 000034,

A comparison of total EBITDA for the combined entities from the Projections to total EBITDA based on CMAI and Turner's projections ("Consultants Sensitivity Case") are summarized in the following chart:

<i>\$ in millions</i>	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11
EBITDA - Projections	\$4,613	\$5,223	\$4,697	\$4,329	\$4,130
Adjustments to arrive at Consultants Case					
Basell petrochemicals		562	152	72	69
Lyondell petrochemicals		544	542	362	260
Lyondell refining		(413)	(314)	(321)	(222)
Total adjustments		693	380	113	107
<i>% of Base Case</i>		<i>13%</i>	<i>8%</i>	<i>3%</i>	<i>3%</i>
EBITDA - Consultants Sensitivity Case	\$4,613	\$5,916	\$5,077	\$4,442	\$4,237
Source: CITI_LYO_0089319					

Accordingly, CMAI's analysis indicates that amounts related to petrochemicals in the Projections were conservative, and more than offset Turner's view of Houston Refining as compared to the Projections.¹⁵⁷

Capital Expenditures

In conjunction with its analysis of the Projections, CMAI also provided commentary on the appropriateness of the Capex forecast. CMAI found that Basell's Capex program, which was forecasted from \$300 million to \$400 million per year, represented one to two percent of nominal replacement capital. CMAI indicated that it was "typical of good industry practice and reflects the broad range of the age of plants and the plant capacities within the Basell portfolio."¹⁵⁸ CMAI also noted that Lyondell's forecasted Capex, which averaged approximately \$200 million per year

¹⁵⁷ However, Turner noted that "we feel that the Houston Refining Business Plan is based on reasonable operating assumptions. Although the price set used by the company is more bullish than (Turner's) current outlook, it is not significantly so when considering refining margin volatility." Turner Mason & Company Report dated October 29, 2007, page 56.

¹⁵⁸ Expected Capex for 2008 were approximately \$750 million due to profit improvement projects that were initiated in 2007. November 2007 CMAI Report. Section V, page 18.

from 2008-2011, represented about 1% of replacement capital costs. CMAI noted that these levels were “within the industry average for such expenditures.”¹⁵⁹

Similarly, Turner provided an analysis of the reasonableness of the refining Capex forecast. Houston Refining’s historical Capex between 2002 and 2006 totaled about \$600 million (an average of \$119 million per year). Planned Capex from 2007 through 2011 totaled about \$750 million, averaging \$150 million per year. Turner’s conclusion was that “the planned \$750 million expenditure between now and 2011 appears adequate to allow the facility to remain competitive.”¹⁶⁰

Consequently, independent contemporaneous analyses indicate that the Capex assumptions in the Projections were reasonable.

Other Third-Party Data Sources

In preparing and vetting the projections, in addition to the analyses by CMAI and Turner described previously, the Lead Arrangers also considered various other sources, including:¹⁶¹

¹⁵⁹ November 2007 CMAI Report, Section VI, page 12.

¹⁶⁰ Turner Mason & Company Report dated October 29, 2007, page 42.

¹⁶¹ LYO-UCC00061926-00061965.

Sources Considered in Evaluation of Projections	Role in Evaluation
Chemical Data	Refining Utilization Rates and Petrochemical Margins
Company SEC Filings	Historical Financial Data (e.g., revenue, EBITDA, margins, growth, EPS)
Energy Information Administration (EIA)	Commodity Prices, Petrochemical Utilization Rates, Company Capacity Shares, Petrochemical Demand, and Refining Capacity
Ernst & Young	Financial Due Diligence of the Acquisition - quality of earnings
Forward Curves	Expectations of Future Commodity Prices (e.g., Nymex crude, Maya, WTI and natural gas)
PIRA	Global Oil Demand
Jacobs Consulting	Petrochemical Supply and Demand
National Petrochemical and Refiners Association (NPRA)	Industry Information
Oil & Gas Journal	Crude Production by Type
Platts	Crude Oil Spreads - refining margins
SRI International	Petrochemical Operating Rates and Demand
Wood Mackenzie	Refining Supply and Demand Growth

VIII. Events of 2008 and LBI's Actual Performance

There were several specific factors and events in 2008 – which were not foreseeable in late 2007 - that contributed to LBI's failure and its eventual bankruptcy filing. These took place on a macroeconomic level, on an industry level and specifically at the Company.

LBI had adequate liquidity in July 2008 (and was substantially on plan),¹⁶² when crude oil prices peaked at \$145/barrel. However, after that date, there were significant, unprecedented and unforeseeable events in the second half of 2008 that materially impacted LBI. These events included:

1. In July 2008, near the beginning of a major turnaround, a crane operated by a construction contractor collapsed at the Houston refinery, killing four employees of the contractor. This accident delayed that turnaround and resulted in additional lost production. O'Connor indicates that the turnaround was scheduled for 60 days, but ultimately took 139 days as a result of this industrial accident.

¹⁶² See monthly liquidity chart later in this section.

O'Connor concludes that the coker shutdown was well outside of a reasonable range for a planned or unplanned outage.¹⁶³

2. Subsequently, the Houston refinery was affected by two major hurricanes in the 2008 third quarter that shut down the refinery, exacerbating delays in the scheduled maintenance turnaround, and resulting in lost production. The effects of lost production as a result of the crane accident and hurricane damage were in excess of \$500 million. Hurricane activity also caused a temporary shutdown of 13 of the Company's 14 petrochemical facilities along the Gulf Coast.
3. After peaking in July 2008, crude oil prices declined sharply, reducing the value of the Company's inventory for the purposes of calculating its borrowing base under the Inventory ABL facility. As a result, the Company had to make a sudden and dramatic repayment of funds borrowed under the Inventory ABL.
4. As a result of the Lehman Brothers bankruptcy, LBI was temporarily prevented from accessing approximately \$175 million in its cash that it had invested in the Reserve Fund. This fund, which is one of the oldest and most established money market funds, "broke the buck" and suspended redemptions for the first time in its 38 year history as a result of its holdings of Lehman securities.
5. LBI was severely impacted by the global recession in the fourth quarter of 2008. The Company experienced a precipitous drop in demand resulting in EBITDA of negative \$(1.5) billion in the fourth quarter.
 - o The O'Connor Report discusses a demand pattern in 2008 that defied historical seasonal patterns, when the expected increase in demand due to the summer driving season did not materialize. Demand then dropped precipitously in September 2008 and remained far below historical averages for the remainder of the year.¹⁶⁴
 - o The severe and rapid drop in demand accelerated the petrochemical industry trough, which more importantly, was a much deeper trough than anticipated. Unlike the previous supply-driven troughs, 2008 was a demand-driven trough that was not only unanticipated, but unprecedented. The Intille Report

¹⁶³ O'Connor Report, Chapter 5.

¹⁶⁴ Ibid.

discusses that global petrochemical demand experienced a historic decline during the 2008 second half.¹⁶⁵

Following is a discussion of 2008 macroeconomic, industry and LBI-specific factors.

A. Macroeconomic

National Economic Review (“NER”) summarized economic conditions of 2008 in the U.S. as the worst recession in generations and perhaps since the Great Depression.¹⁶⁶ NER noted that the economic fundamentals continued to deteriorate during the 2008 fourth quarter as lending activities and market liquidity were significantly constrained. This economic climate intensified a downward spiral in the broader economy, as business struggled to obtain capital for funding purposes. Also during 2008, historic energy cost volatility occurred as crude oil peaked in July at over \$145/barrel, impacting a weakening economy as crude oil derivatives costs increased, and then rapidly declined to below \$50/barrel at year end.¹⁶⁷

NER also noted that, by the end of 2008, the subprime credit crisis caused many financial institutions around the world to be either partially nationalized, converted into bank holding companies or enter bankruptcy.¹⁶⁸ These developments caused trade credit, the backbone of most businesses, to come to a halt.¹⁶⁹

i. Credit Market Shutdown

Beginning with the failure of many large financial institutions in the U.S., economic conditions rapidly evolved into a global crisis, resulting in a number of European and Asian bank failures and dramatic declines in various stock indices and the market-value of equities and commodities worldwide. In fact, on October 23, 2008, Alan Greenspan, former Federal Reserve Chairman, said that the crisis was “a

¹⁶⁵ Intille Report, page 34.

¹⁶⁶ NER 2008 fourth quarter report.

¹⁶⁷ NER 2008 fourth quarter report.

¹⁶⁸ Ibid.

¹⁶⁹ IMF World Economic Outlook dated April 2009.

once-in-a-century credit tsunami” that led to a breakdown in how the free market system functions.¹⁷⁰

NER reported that the economy’s fundamentals deteriorated considerably during the fourth quarter. NER described the outlook for the national and global economy at that time as perilous, as an ongoing crisis had engulfed the financial sector, causing significant damage to depository and non-depository financial institutions. As a result of the crisis, lending activities and market liquidity were significantly constrained, intensifying a downward spiral in the broader economy as businesses struggled to obtain the capital necessary for operations and investment and consumers reduced spending in response to rising unemployment and worsening conditions in the housing market.¹⁷¹

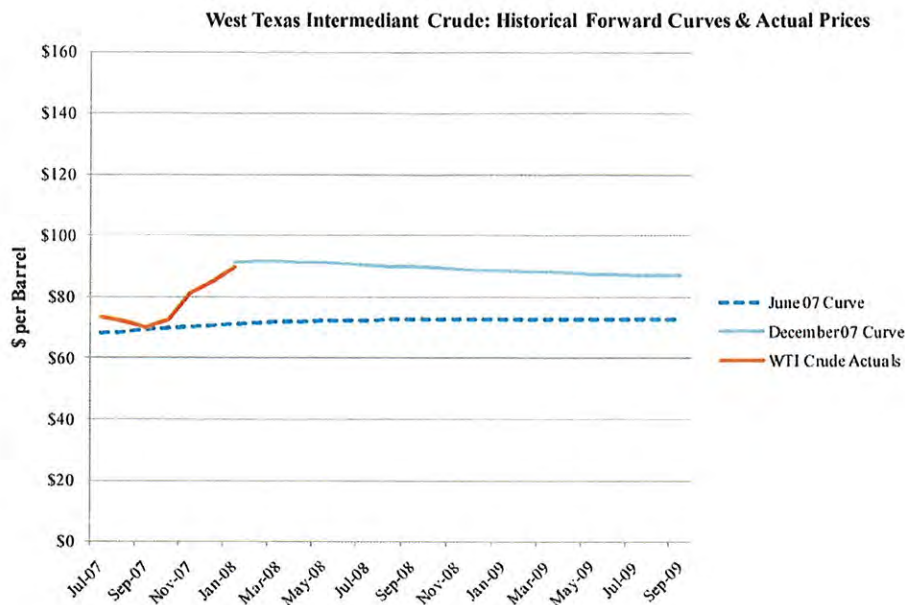
ii. Crude Oil Price Volatility

Throughout the second half of 2007, it is clear from the contemporaneous forward curves that the market was not anticipating any further crude oil price spikes during the following two years, but was instead forecasting gentle decline in prices.

As the following graph demonstrates, while the June 2007 forward curve indicates the expectation of flat to slightly rising crude oil prices, (staying below \$80/barrel), the actual crude oil prices rose fairly dramatically between June and December 2007. After the 2007 second half rise in crude oil prices, the December 2007 forward curve indicates that the market expected slightly declining crude oil prices.

¹⁷⁰ Associated Press, October 23, 2008. <http://www.foxnews.com/story/0,2933,443737,00.html>.

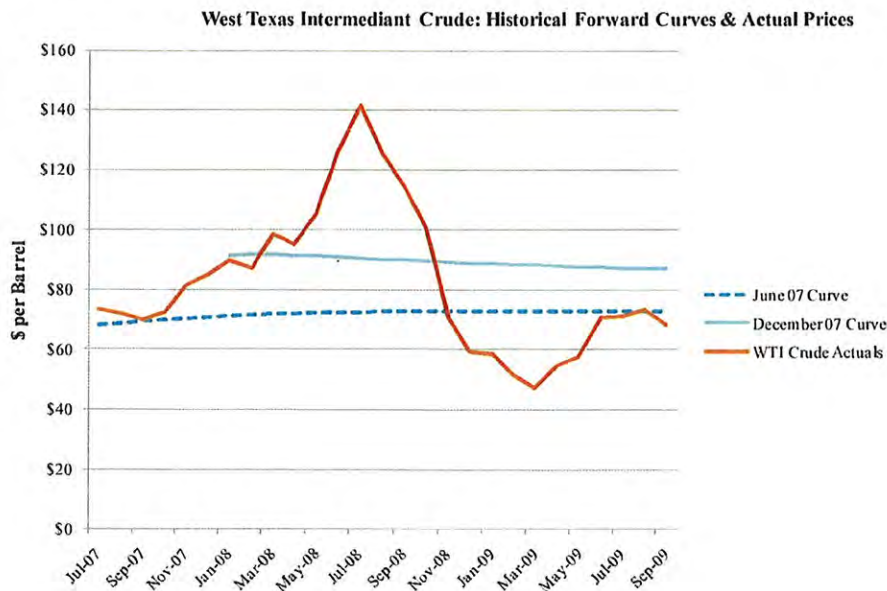
¹⁷¹ National Economic Review, Fourth Quarter 2008.



Note:

WTI data obtained through Bloomberg using WTI ticker; CLA. Forward curves obtained using the Forward Market Value Curve function for the relevant time periods and actual data was obtained using the Historical Price function.

As demonstrated in the graph below, the forward curves in December 2007 do not reflect the volatility that actually occurred in 2008.



Note:

WTI data obtained through Bloomberg using WTI ticker; CLA. Forward curves obtained using the Forward Market Value Curve function for the relevant time periods and actual data was obtained using the Historical Price function.

Turner's expectations in late 2007 regarding 2008 crude oil prices also did not anticipate the spike and subsequent sharp decline that actually occurred. John Auers, a consultant with Turner, provided testimony related to their expectations of crude oil prices:

"Q: And as of October 2007, did you anticipate that record increase and drop?

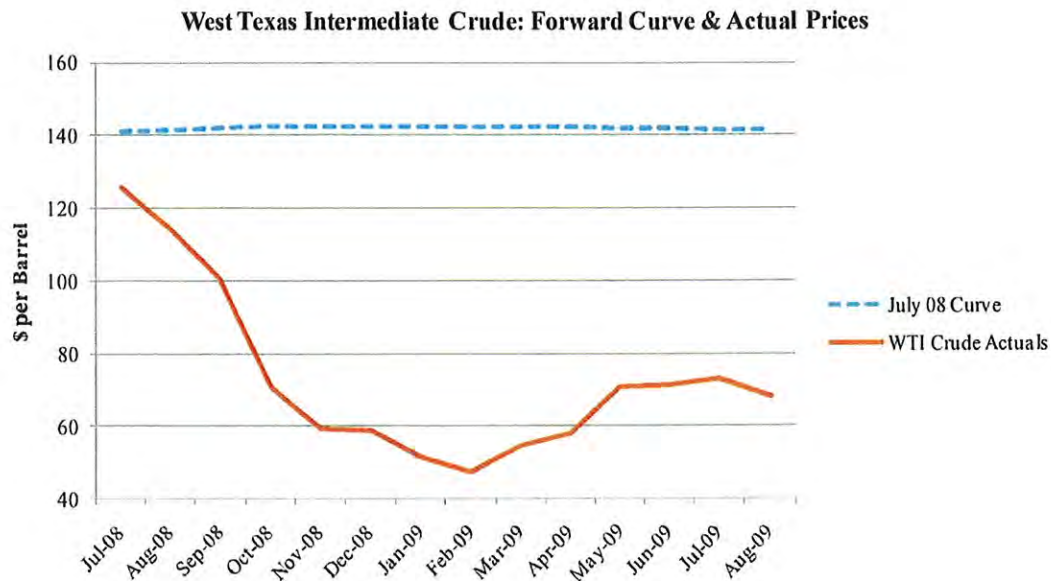
A: No, we did not, nor did anybody else I don't think. Our projection at that point was, it says right here I think, in the summary of the report we have our projection for 2008 crude prices, and they were much lower than what they ended up averaging and certainly much lower than what the first half was.

Q: Well, from your experience in the refining business, do you think that those, that record increase and then subsequent drop in 2008 in crude prices was foreseeable in October of 2007?

A: It wasn't for us."¹⁷²

In fact, notwithstanding the wholly unexpected and unprecedented run up in crude oil prices in the first six months of 2008, by July 2008 it is noteworthy that the markets were not anticipating a further significant change in crude oil prices, as evidenced by the flat to slightly increasing contemporaneous forward curves at that time. The forward curves at that time did not anticipate the collapse of crude oil prices that primarily occurred in the third quarter. LBI's liquidity was impacted severely, as the sharp crude oil price decline significantly reduced availability under the Company's Inventory ABL. Concurrent with the reduction in Inventory ABL availability, lower working capital requirements due to the lower crude oil prices created additional cash flow from operations. Under normal conditions, cash flow from the liquidation of working capital would have been sufficient to repay amounts owing under the Inventory ABL. However, the Company also incurred significant operating losses during this period, further stressing liquidity.

¹⁷² Deposition of John Auers, October 19, 2009, p. 52.



Note:

WTI data obtained through Bloomberg using WTI ticker; CLA. Forward curve obtained using the Forward Market Value Curve function for the relevant time periods and actual data was obtained using the Historical Price function.

B. Industry

i. Drop off in Demand

Economic factors previously discussed negatively impacted LBI's business and those of many industries including the automotive, plastics, consumer products and construction (end markets for LBI's products), among others. Ultimately, the unforeseen economic shock that occurred in late 2008 dramatically reduced demand for the Company's products.

The consumer products industry is a major end user of LBI's products, and had mixed results in 2008. The plastic industry was also negatively impacted by the lower consumer confidence and declining business expenditures in 2008. IBIS World estimated that in 2008, industry revenue would decline by 0.5% to \$41.4 billion.¹⁷³ IBIS noted that lower consumer expenditure, residential construction activity and auto production would cause the quantity of units sold by the plastics wholesalers

¹⁷³ IBIS Plastic Wholesaling in the U.S. - November 12, 2008 page 27.

industry to decline.¹⁷⁴ Plastics use raw materials such as polyethylene manufactured by companies like Lyondell. Manufactured plastic products include soft drink bottles, containers, shrink wrap, carpets, plastic bags and injection molds as well as automotive products, appliances and industrial products.

The overall global economic slowdown also resulted in a weakened demand for LBI's products used as inputs in automobiles and construction supplies. According to LBI's former Chief Executive Officer, Volker Trautz ("Trautz"):

There were days with nearly no order intake at the end of November, beginning of December.¹⁷⁵

Many of LBI's customers were trying to reduce their own excess inventories and therefore postponed new orders, according to Trautz:

Q: So a lot of your customers just operated off their existing inventories and didn't replenish, is that what happened?

A: That's correct.¹⁷⁶

ii. Performance of LBI's Peers

A comparison of average projected EBITDA for 2008 that was forecast by analysts in 2007 fourth quarter and in 2008 first quarter for LBI's peer group ("Guideline Companies" as defined in Section V A) makes it apparent that unforeseen events occurred in both the petrochemical and refining industries, causing the peer group (in addition to LBI) to miss their forecast earnings, particularly in the 2008 second half.¹⁷⁷ In fact, like many of its peers that missed their 2008 earnings projections, LBI also significantly missed its plan EBITDA.¹⁷⁸ Moreover, while LBI achieved \$3 billion of EBITDA through July 2008 (compared to its projected \$3.2

¹⁷⁴ Ibid.

¹⁷⁵ Deposition of Volker Trautz, May 20, 2009, page 217

¹⁷⁶ Deposition of Volker Trautz, May 20, 2009, page 218

¹⁷⁷ To determine the 2008 EBITDA growth forecasts prepared in 2007 fourth quarter and 2008 first quarter, I calculated the average of analysts' earnings guidance during each of those periods.

¹⁷⁸ 2008 EBITDA of \$5.2 billion compared to actual EBITDA achieved of \$1.5 billion, or approximately 70% below plan.

billion), LBI lost approximately \$1.46 billion between August 2008 through December 2008 as presented below:

Monthly EBITDA vs. Plan from August 2008 to December 2008			
Month of Change	(\$ in millions)		
	Actual EBITDA	Plan EBITDA	Difference
August 2008	\$ 15	\$ 433	\$ (418)
September 2008	(3)	433	(436)
October 2008	(177)	377	(554)
November 2008	(586)	377	(963)
December 2008	(709)	377	(1,086)
	<u>\$ (1,460)</u>	<u>\$ 1,997</u>	<u>\$ (3,457)</u>

Accordingly, there was a marked difference between 2008 earnings expectations of LBI and its peers compared to actual results. The following charts further illustrate the peer group EBITDA performance compared to analyst forecasts.

Guideline Chemical Companies						
	Celanese Corp.	Dow Chemical	Nova Chemicals	Huntsman	Eastman Chemical	Westlake Chemical
4Q07 Forecast for 08	3.1%	(6.8%)	(1.3%)	13.5%	(1.1%)	(9.0%)
1Q08 Forecast for 08	1.8%	(3.8%)	(4.9%)	10.0%	(5.2%)	(17.5%)
Actual Results for 08	(17.0%)	(28.6%)	(73.2%)	(31.4%)	(15.2%)	(73.5%)

(Source: CapitalIQ, adjusted where necessary to reflect results under FIFO.)

Guideline Refining Companies						
	Frontier Oil	Holly Corp.	Sunoco	Tesoro	Valero	Alon
4Q07 Forecast for 08	(22.6%)	(25.1%)	(4.7%)	6.5%	(8.4%)	7.5%
1Q08 Forecast for 08	(21.9%)	(27.0%)	1.8%	24.9%	(12.8%)	9.6%
Actual Results for 08	(75.4%)	(49.5%)	(4.2%)	(48.6%)	(38.9%)	(62.4%)

(Source: CapitalIQ, adjusted where necessary to reflect results under FIFO.)

In fact, as shown above Nova Chemicals (“Nova”) missed analysts 2008 EBITDA projections by more than 70%. Nova’s CEO Jeffrey M. Lipton commented that “2008 was an exceptionally challenging year for our company. Turmoil in the financial and credit markets brought about significant changes in our business as well

as the global economy.¹⁷⁹ Further, Nova President and COO Christopher D. Pappas commented that “the run of earnings records was interrupted when the financial crisis crested in September of 2008 dramatically accelerating the global economic downturn. Our customers stopped buying polyethylene in October and November in order to reduce their inventories in time of rapidly falling prices.”¹⁸⁰

In addition to the general adverse economic conditions, Nova Chemicals management disclosed in its 2008 Form 10-K that “the downturn in orders early in Q4 was compounded by the historic reset of feedstock prices led by crude oil. Prices for polyethylene decreased by almost 50% in the space of four months an unprecedented correction. The impact on NOVA Chemicals was enormous our total sales volumes were extremely low in October and November prices were down dramatically and we experienced flow through costs of \$364 million and inventory write-downs of \$129 million in the fourth quarter as we consumed feedstocks purchased at the higher prevailing costs from earlier in the fall.”¹⁸¹

Furthermore, consistent with the above comments of Nova management, O'Connor concludes that “events in 2008 represented an unbelievable alignment of market, operational and natural events that were not only unforeseeable but unprecedented.”¹⁸² O'Connor also concludes that “In late 2007 there were minimal signs in the marketplace that global and U.S. demand growth was poised for an unprecedented decline after years of sustained growth.”¹⁸³

In conclusion, consistent with LBI's EBITDA collapse in the fall of 2008, LBI's peers significantly missed their 2008 EBITDA earnings outlook, particularly in the fourth quarter and had large year over year EBITDA declines.

C. LBI Performance in 2008

The 2008 consolidated statement of income/loss for LBI's operations includes the financial reporting effects and cash flow consequences of several events that could

¹⁷⁹ Nova Chemicals, 2008 Annual Report, Letter to Shareholders.

¹⁸⁰ Ibid., Operating Review and Outlook.

¹⁸¹ Ibid.

¹⁸² O'Connor Report, Chapter 5.

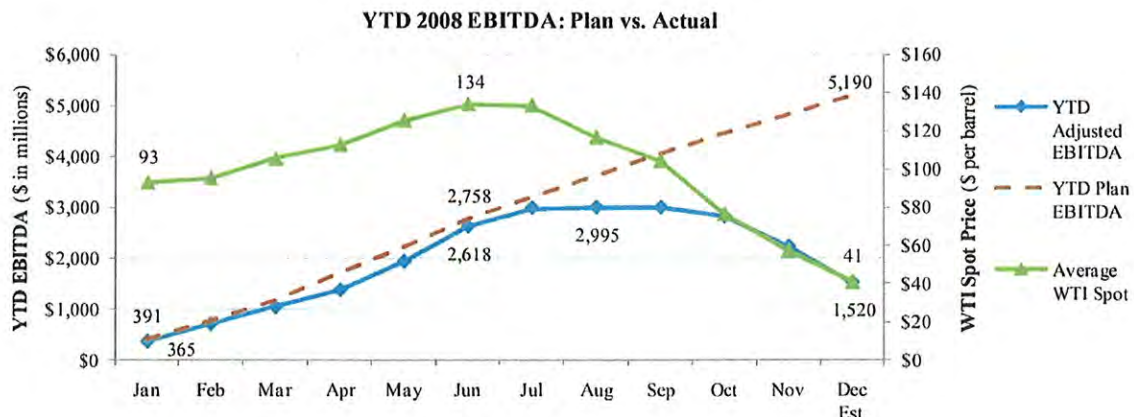
¹⁸³ Ibid.

not have been foreseen in December 2007. LBI incurred related production losses of over \$500 million.

There were also other unforeseen events which impacted liquidity. LBI's public filings and other documents produced in this litigation identify and describe certain events, not specifically lodged within EBITDA, which impacted the Company's liquidity and cash flows during certain interim periods of 2008. These factors included unforeseen additional investment in working capital due to (i) extreme crude oil price volatility, (ii) restrictions on vendor credit and (iii) other unforeseen events.

i. Performance Through the 2008 Second Quarter

Despite rising crude oil prices, LBI was performing substantially in accordance with its 2008 EBITDA plan through July 2008. LBI achieved \$3.0 billion of EBITDA through July 2008 as compared to the projected \$3.2 billion as the following chart (compiled from the Company's 2008 monthly Control Reports) illustrates:



Notes:

EBITDA from LyondellBasell 2008 monthly Controlling Reports (Trautz Exhibit 5).

Adjusted and Plan EBITDA exclude dividends from affiliates.

February EBITDAs calculated as average of month preceding and following.

Average monthly WTI spot prices (Cushing, OK WTI Spot Price FOB): Energy Information Administration (www.eia.doe.gov).

LBI was performing within 7% of its EBITDA plan (within 10% excluding Berre EBITDA) on a year-to-date basis, through July 2008. A shortfall against plan by the Chemicals segment was mitigated by Polymers, Fuels (including EBITDA for Berre

through July 31, 2008 of approximately \$126 million)¹⁸⁴ and Technology performance ahead of plan, as the following chart indicates:¹⁸⁵

2008 Operating Performance Summary

<u>EBITDA by Line of Business (\$ millions)</u>	YTD-Jul-08	YTD-Jul-08	Variance
	Actual	Plan	
Chemicals	\$ 734	1,197	\$ (463)
Fuels (including Berre)	1,351	1,240	111
Polymers	657	649	8
Technology	262	194	68
R&D	(40)	(36)	(4)
Other	16	(53)	69
Consolidated EBITDA (including Berre)	\$ 2,980	\$ 3,191	\$ (211)

Synergies Were Being Achieved

Based on LBI's monthly Control Reports, the synergies anticipated in 2008 were achieved and exceeded. LBI realized approximately \$260 million of synergy benefits in 2008, \$60 million ahead of the assumption in the Projections.¹⁸⁶ According to Trautz, realized savings from synergies are expected to exceed \$600 or \$700 million in 2009.¹⁸⁷

ii. Other Unanticipated Events

1. 2008 Houston Facility Issues

During the first and second quarters of 2008, LBI's Houston refinery experienced an extended, unplanned outage of a fluid catalytic cracker unit that resulted in significant unscheduled maintenance costs, in addition to a loss of production during a period of increasing demand.¹⁸⁸

In the third quarter of 2008, two separate and unexpected events left a coker unit offline until December 2008. First, during a scheduled maintenance turnaround of a crude train and coker unit at the Houston refinery, a crane collapsed killing four

¹⁸⁴ LBI Control Report, July 2008. (Exhibit 5 to the deposition of Volker Trautz, May 20, 2009.)

¹⁸⁵ Ibid.

¹⁸⁶ LBI Control Report, December 2008. (Exhibit 5 to the deposition of Volker Trautz, May 20, 2009.)

¹⁸⁷ Deposition of Volker Trautz, May 20, 2009, page 223.

¹⁸⁸ LBI quarterly financial reports for March 31, 2008 and June 30, 2008.

employees of the contractor who was performing the maintenance. While the related OSHA investigation was underway, Hurricane Ike hit the Gulf Coast, further delaying the turnaround and completely shutting down the refinery, as well as its other Gulf Coast facilities, and causing property damage and lost production to both LBI's refining and petrochemicals segments.¹⁸⁹

These unanticipated events had a negative impact on cash flow through the 2008 third quarter, which is summarized in the table below.

Cash Flow Consequences of Houston Facilities Issues (\$ millions)	
<i>Fuels Segment</i>	
Unplanned outage of FCC unit at Company's Houston Refinery operation (Q2)	\$ 147
Shutdown and extended turnaround of Company's Houston refinery operation arising from industrial accident (crane) plus Hurricane Ike (Q3)	213
<i>Chemicals Segment</i>	
Lost production and related costs arising from suspension of operations during Hurricane Ike (Q3)	139
Financial reporting effects of Houston Facilities Issues	\$ 499

Source: Lyondell Form 10-Q, for the quarter ended September 30, 2008

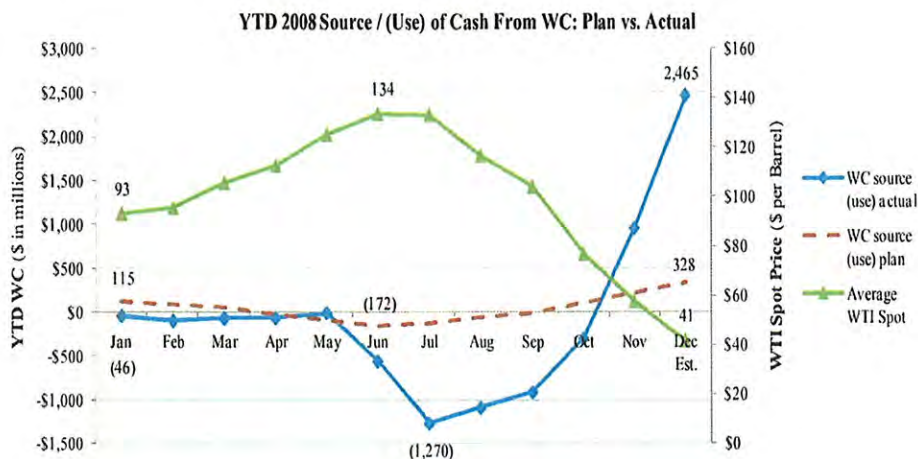
Per O'Connor, the Houston refinery was not fully operational until early December, 2008.¹⁹⁰ Hence, the immediate cash flow impact from the issues summarized above was well in excess of \$500 million.

iii. Liquidity

Due to unprecedented and unforeseen increases in crude oil prices, LBI's investment in working capital was significantly higher than plan as of July 2008. However, after considering the April 2008 increase in availability in the ABL facility, LBI had adequate liquidity through the crude oil price peak (and after reduced liquidity from the reduction in vendor credit) as the following chart illustrates:

¹⁸⁹ LBI quarterly report for September 30, 2008.

¹⁹⁰ O'Connor Report, Chapter 5.



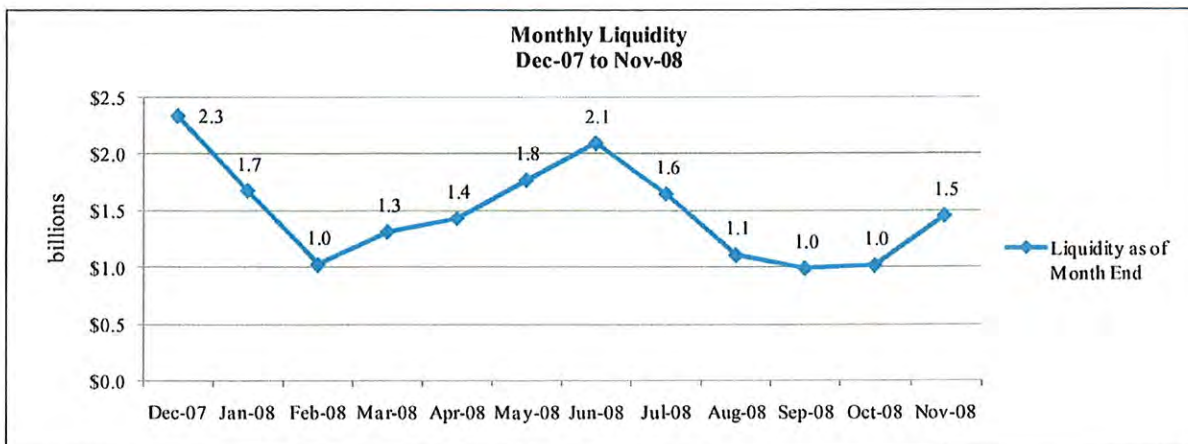
Notes:

Working Capital sources and uses from LyondellBasell 2008 monthly Controlling Reports (Trautz Exhibit 5).

February and April WC source (use) plan data calculated as average of month preceding and following.

Average monthly WTI spot prices (Cushing, OK WTI Spot Price FOB): Energy Information Administration (www.eia.doe.gov).

As the chart above indicates, the peak use of cash for working capital was in July 2008 when oil prices peaked. The chart below shows that LBI had sufficient liquidity at this time as well as at all times from December 2007 through November 2008.



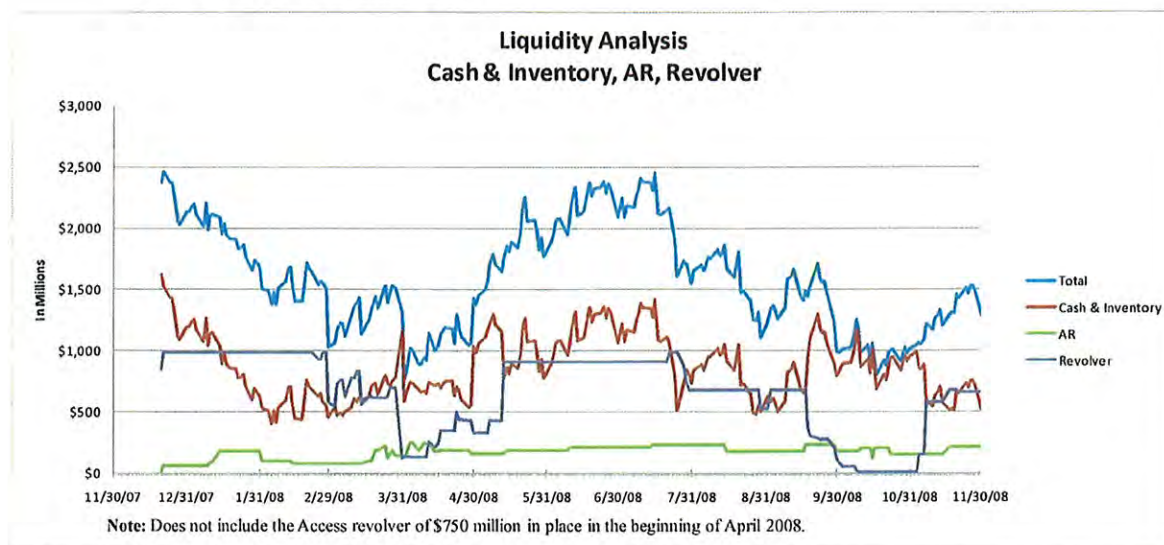
Notes

Does not include the Access Revolver of \$750 million put in place in the beginning of 2008.

LyondellBasell 2008 GFR-11 Controlling Report, November 2008 (Trautz Exhibit 5).

December 2007 liquidity is as of the Acquisition Date (December 20, 2007).

See the discussion below of one-time items in the 2008 first quarter which impacted liquidity. Also note that liquidity related to the increase in the ABL facility is reflected in April. The following chart illustrates LBI's liquidity from the closing date through November 2008:



(Source: LBI Daily Liquidity Report. LYO-UCC 00263751 - 00263851.)

As can be seen from the chart, except for a brief period in March 2008, when the Berre acquisition was funded and before the inventory facility was increased by \$600 million, LBI had liquidity of over \$1 billion at all times (even after refining-related losses of roughly \$500 million related to the crane accident and two hurricanes) until the unprecedented market demand crash began in September 2008. This period of liquidity in excess of \$1 billion encompasses the period of the crude oil price spike, the crane accident and the extended unscheduled outage at the Houston refinery. Karen Twitchell, former Treasurer of LBI, believed that the Company had adequate liquidity up until December 2008.¹⁹¹ She also viewed the Access revolver as available to the Company to meet its liquidity needs up until December 2008.¹⁹²

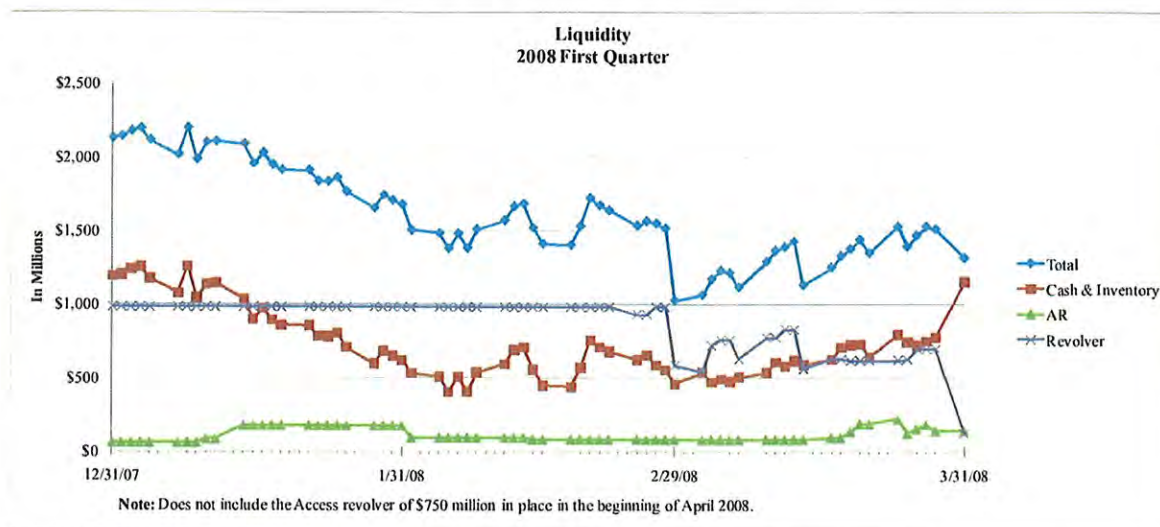
I also looked at the Company's liquidity by month and by facility noting significant events as follows:

2008 First Quarter

¹⁹¹ Deposition of Karen Twitchell, October 13, 2009, pages 256 - 257.

¹⁹² Deposition of Karen Twitchell, October 13, 2009, page 248.

The following chart depicts LBI's liquidity during the 2008 first quarter:



(Source: LBI Daily Liquidity Report. LYO-UCC 00263751 - 00263851.)

In February 2008 LBI closed on the acquisition of a polypropylene facility (Solvay) in the U.S., and in April 2008 LBI was scheduled to close on the acquisition of the Berre Refinery in France. The capital requirements of these two purchases would be financed by LBI's existing borrowing facilities, which reduced liquidity by \$682 million (\$548 million for Berre,¹⁹³ and \$134 million for Solvay¹⁹⁴). Additionally, liquidity was reduced due to the payment of Millennium Notes (\$159 million), other notes (\$39 million) and severance costs (\$70 million).¹⁹⁵ The increased use of cash to fund working capital needs was due to the continuing crude oil price escalation.

By the end of March 2008, LBI's investment in working capital was growing. Increases in the unit costs of raw materials inputs (arising from rapidly escalating costs of crude oil and related energy stocks) were noticeably increasing LBI's investment in inventories. Similarly, LBI's investment in trade accounts receivable was increasing as a result of product price increases that LBI was able to pass along to its customers.

¹⁹³ CITI_LYO_0121336.

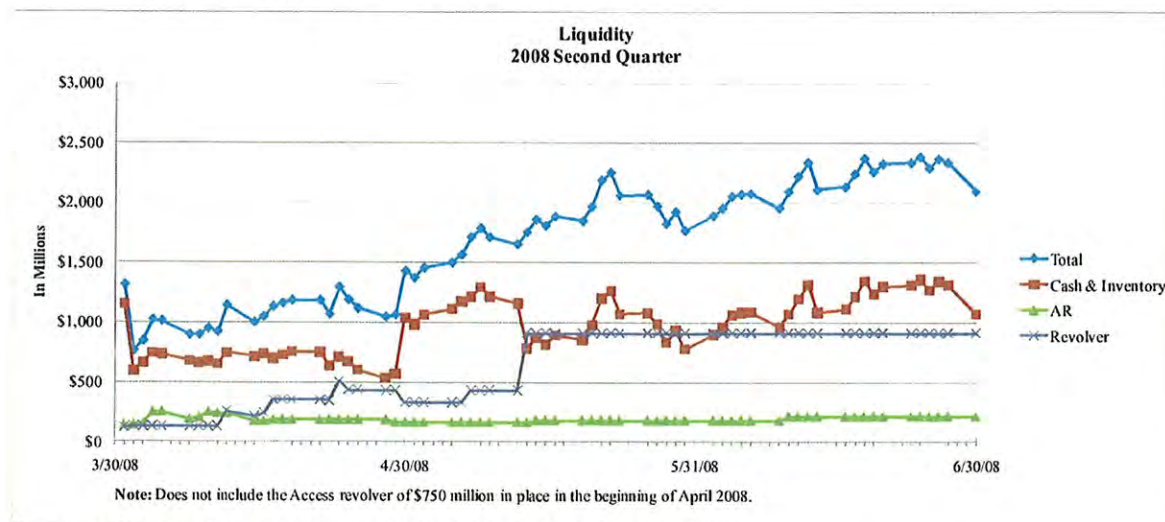
¹⁹⁴ LBI quarterly report March 31, 2008.

¹⁹⁵ ACC 0020433.

The collective implications of these events indicated to management that LBI needed additional working capital financing. In response to that need, LBI and the banks agreed to and did exercise provisions of the Senior Secured Credit Facilities pursuant to which, effective April 30, 2008, the \$1 billion Inventory Credit Facility was expanded to \$1.6 billion. All other working capital facilities described above remained unchanged.

2008 Second Quarter

Crude oil prices continued to rise. However, LBI had sufficient liquidity at all times, due in part to the additional \$600 million upsizing of the inventory facility as the following chart indicates:



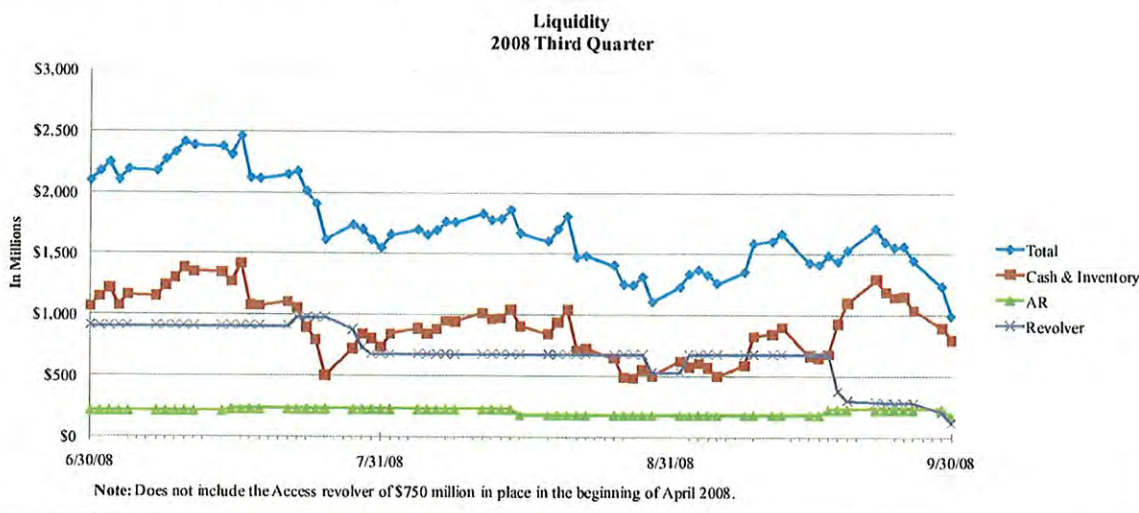
(Source: LBI Daily Liquidity Report. LYO-UCC 00263751 - 00263851.)

Although the amount of availability under its borrowing base calculation approximated \$1.9 billion in June, 2008, only \$1.2 billion was drawn (plus letters of credit outstanding of \$306 million);¹⁹⁶ LBI had total liquidity of \$2.1 billion on June 30, 2008 (excluding availability under the Access revolver), which was only slightly less than the \$2.3 billion available on December 20, 2007.

¹⁹⁶ AHG_000073318.

2008 Third Quarter

LBH had adequate liquidity to fund its operations and working capital requirements when crude oil prices peaked in July 2008. As described previously, the third quarter also was impacted by the deadly crane accident and unscheduled outage at the Houston refinery.



(Source: LBI Daily Liquidity Report. LYO-UCC 00263751.)

The Company had over \$1 billion in liquidity (excluding availability under the Access revolver) at all times during the 2008 third quarter. As can be seen from the chart, liquidity began to fall in mid- to late-July, first in the cash balance and then due to draws under its revolver.

As global economic conditions rapidly continued to deteriorate in an unprecedented manner, demand for LBI's products continued to decline in November, at the same time as the precipitous drop in crude oil prices. The Company had EBITDA of negative \$(586) million in November and negative EBITDA of \$(1.5) billion for all of 2008 fourth quarter.¹⁹⁷

In the Management's Discussion & Analysis section of Lyondell's September 30, 2008 10-Q, management disclosed:

¹⁹⁷ LBI 2008 GFR-11 Controlling Report, September 2008, November 2008, and November 2008.

1. "LyondellBasell Industries' markets are experiencing a softening of demand combined with continued unprecedented volatility in raw material costs."¹⁹⁸
2. "These conditions, which are expected to continue during the fourth quarter of 2008 and which may continue into 2009, could place further demands on LyondellBasell Industries' liquidity particularly in the first quarter when it historically has had significant operating cash flow requirements for annual compensation costs, property taxes, annual insurance premiums and annual rebate payments to customers."¹⁹⁹
3. "LyondellBasell Industries is taking steps to reduce costs, working capital and discretionary capital spending, including the temporary idling of one of its U.S. Gulf Coast ethylene facilities, representing 11 percent of its U.S. olefins capacity, and reduction of operating rates of certain integrated cracker operations as well as adjusting operating rates at its polymers facilities globally to optimize working capital requirements."²⁰⁰
4. "LyondellBasell Industries believes that, with lower raw material costs, the post-hurricane restoration of substantially all of its U.S. Gulf Coast operations, the anticipated early December 2008 restart of the second coker unit at the Houston refinery, reduced Capex and the implementation of its cost reduction initiatives, conditions will be such that LyondellBasell Industries can comply with its debt covenants and that operating cash flows, together with availability under various liquidity facilities, will be adequate to meet anticipated future cash requirements, including scheduled debt service obligations, necessary capital expenditures and ongoing operations, for the foreseeable future."²⁰¹
5. "However, should demand for its products be significantly below LyondellBasell Industries' expectations, unplanned plant outages occur or product margins compress below expectations, whether because raw material prices return to the high levels experienced in the first part of 2008 or

¹⁹⁸ Lyondell 10-Q for the quarter ended September 30, 2008.

¹⁹⁹ Ibid.

²⁰⁰ Ibid.

²⁰¹ Ibid.

otherwise, LyondellBasell Industries' cash flow could be lower than expected or negative.”²⁰²

In deposition testimony, Trautz described the confluence of these events (the collapse of the global economy, the drop off in demand, the hurricanes and the crane accident) as a “perfect storm squared.”²⁰³

²⁰² Ibid.

²⁰³ Deposition of Volker Trautz, May 20, 2009, pages 214 - 215.

IX. Right to Supplement

My work in this matter is ongoing. Based on the timing of fact discovery relative to the due date of my report, I considered depositions taken through November 3, 2009. To the extent that additional facts, documents, other information, or other expert materials in this action may become available in the future, I reserve the right to modify or supplement my conclusions accordingly. My conclusions are also subject to modification or supplementation based on further analysis of the data and information that have already been provided to me.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Ch. J. Kearns", is written over a horizontal line.

Christopher J. Kearns

New York, New York

Dated *November 7, 2009*

Index to Exhibits

A - Curriculum Vitae of Christopher J. Kearns
B - Documents Considered and Relied Upon
C - Summary Overview – Pro Forma Businesses of LBI
D – Summary of Selected Analyst Comments
E – Financial Model – Summary Analysis
F – Summary Balance Sheet – December 31, 2007
G – Summary of Debts, Including Contingent Liabilities
H – Historical Pro Forma Income Statements
I – Fair Value Summary and Solvency Balance Sheet Test
J – TIC Summary of Weighted Discounted Cash Flow
K – Calculation of WACC and Growth Rate
L – Business Descriptions of Guideline Companies
M – Guideline Company Multiples
N – Guideline Company Comparative Analysis
O – Market Approach – Segment Split
P – Guideline Company – Indications of Value
Q – Reconciliation of Guideline Company Approach
R – Guideline Transactions - Metrics
R.1 – Guideline Transaction Descriptions
S – Guideline Transaction Multiples
T – Risks and Mitigants Considered by Lead Arrangers
U – Summary of Lead Arrangers’ Base Case v. Downside Case Assumptions
V – Inflation Analysis for WACC Calculation
W – Timeline of Significant Pre-Acquisition Events
X – Sensitivity Analysis of Balance Sheet Test
Y – DCF Analysis Based on Consultants Sensitivity Case

Christopher J. Kearns

Manager and Member of the Firm
Capstone Advisory Group, LLC
104 W 40th Street, 16th Floor
New York, NY 10018
212-782-1409
CKearns@CapstoneAG.com

SUMMARY

Mr. Kearns is a Managing Member of the Firm and co-founder of Capstone Advisory Group, LLC ("Capstone" or the "Firm"). He is a CPA, a Certified Turnaround Professional, a Certified Insolvency and Restructuring Advisor and a Certified Fraud Examiner. He specializes in providing financial restructuring advisory services and crisis management services in the troubled company environment. He has represented all parties-in-interest in various complex matters and has rendered expert testimony on various issues.

PROFESSIONAL EXPERIENCE

Capstone Advisory Group, LLC – January 2004 – Present

Managing Member of the Firm

FTI Consulting, Inc. (and predecessor firms) – 1991 – January 2004

Senior Managing Director

At Capstone, FTI and predecessor firms, provided financial advisory and crisis management services in the troubled company environment. Assignments have included service as Responsible Officer and Trustee. Also have rendered expert testimony in various jurisdictions on matters involving valuation, lost profits, liquidation and recovery analysis, and other issues regarding distressed situations. Sample assignments include:

- *Mirant Corporation (2004-2006)* – Financial advisor to Unsecured Creditors Committee in Chapter 11 proceeding for a multinational energy company with generation capacity of 18,000 megawatts. Reorganization value upon emergence \$11.5 to \$12.0 billion.
- *Centro Group (2007-2009)* – Financial advisor to US lenders (debt of approximately \$2.2 billion) in connection with the restructuring of a multinational commercial real estate company.
- *SEMGroup (ongoing)* – Financial advisor to Secured Lenders (aggregate indebtedness of nearly \$3 billion) in a Chapter 11 proceeding for a company engaged in the transport, storage and distribution of petroleum products in the North American energy corridor.
- *NRG Energy (2002-2003)* – Financial advisor to Global Lenders (aggregate indebtedness of over \$3 billion) in a Chapter 11 proceeding for a multinational energy company.
- *Xerox (2002)* – Financial advisor to the Lenders in connection with the successful restructuring of a \$7 billion credit facility for this multinational company.

Christopher J. Kearns
(continued)

- *Nortel (ongoing)* -- Financial advisor to the Unsecured Creditors Committee in Chapter 11 proceeding for a multinational telecommunications company.
- *Superior Essex Communications LLC (f/k/a Superior Telecommunications)* (2001-2002) -- Financial advisor to the Lenders (debt of approximately \$1 billion) in a Chapter 11 proceeding for a manufacturer of wire and cable.
- *Schwinn/GT* (2001) - Financial advisor to the Debtor in a Chapter 11 proceeding for a manufacturer and distributor of bicycle and fitness products.
- *Heilig-Meyers and The RoomStore* (2001-2005) -- Financial advisor to the Debtors in a Chapter 11 proceeding for a furniture retailer.
- *Starter Corporation* (1999) -- Financial advisor to the Debtor in a Chapter 11 proceeding for an apparel and retail company.

Other restructuring and bankruptcy assignments include:

- aaiPharmaceutical -- Advisor to the Lenders
- Aerospace contractor -- Advisor to the Lenders
- Advanced Glassfiber Yarns -- Advisor to the Lenders
- Aircraft parts and maintenance company -- Advisor to the Lenders
- Allied Holdings -- Advisor to the Company and Lenders (separate matters)
- Boscov's -- Advisor to the Debtor
- Bridge and tunnel construction company -- Advisor to the Lenders
- Buddy L, Inc. -- Advisor to the Debtor and Trustee
- Building products company -- Advisor to the Company
- Calpine Corporation -- Advisor to five ad hoc noteholder committees
- Channel Master -- Advisor to the Debtor
- Chemtura Corporation -- Advisor to the Lenders
- Direct marketing company -- Advisor to the Lenders
- Extended Stay Hotel -- Advisor to various Lenders
- Gas importer/retailer -- Advisor to the Lenders
- Kasper A.S.L. -- Advisor to the Lenders
- Privately owned hotel chain -- Advisor to the Lenders
- KPNQwest -- Advisor to the Lenders
- Maxxim Medical -- Advisor to the Lenders
- Marvel Avoidance Litigation Trust -- Trustee
- Mid-stream oil and gas company -- Advisor to Lenders
- Mid-stream oil and gas company - Advisor to Lenders
- Monet Group -- Advisor to the Debtor

Christopher J. Kearns

(continued)

- Multinational manufacturer – Advisor to the Company
- Non public business development company – Advisor to the Lenders
- Non-public Specialty Chemicals company – Advisor to the Lenders
- Nutritionals manufacturer – Advisor to the Company
- Pathnet – Advisor to the Debtor
- PCB manufacturer – Advisor to the Lenders
- Pharmaceutical company – Advisor to the Company
- Privately owned pharma and contract research company - Lenders
- Real estate/hotel company – Advisor to the Note holders
- Rhodia Inc. – Advisor to the Lenders
- Schein Pharmaceutical – Advisor to the Lenders
- Sharp International – Responsible Officer
- Singer Company – Advisor to the Unsecured Creditors Committee
- SLM International – Advisor to the Company
- Spiegel – Advisor to the Lenders
- Transportation company – Advisor to the Company
- Winter Group – Chief Restructuring Officer
- Women's apparel manufacturer – Advisor to the Company

Litigation related assignments / Expert testimony:

– Arbitrator, American Arbitration Association

– Testimony (dates are approximate)

2007: Phar-Mor vs. McKesson – solvency and valuation analysis

2007: Northwestern Corporation – rebuttal on structured finance and restructuring related matters

2007: In re Calpine Corporation – solvency analysis and make whole damages for certain noteholders

2006 and 2007: In re: Enron Securities Litigation – rebuttal on solvency and valuation matters

2005: Maxxim Medical, Inc. vs. Professional Hospital Supply (Plaintiff – Middle District of Florida) – lost profits and business valuation

2001 and 2005: Heilig-Meyers and The RoomStore (Virginia) – KERP program, asset sales, business valuation and for plan proponent

2001: Schwinn/GT (Colorado) – KERP program, liquidation analysis and creditor recoveries, sale of assets, and for plan proponent

2000: Monet Group (Delaware) – Sale of assets and for plan proponent

2000: Nature's Best Group Inc. v. Best Foods et al (Nassau County, NY State) – Deposition testimony for defendant; lost profits and business valuation

Christopher J. Kearns

(continued)

1999: Starter Corp. (Delaware) – KERP program, liquidation and creditor recoveries analysis, and for plan proponent

1998: Fletcher et al v. Liggett Group Inc. (Defendant - Alabama) – business valuation, bankruptcy and restructuring recoveries, and intellectual property analysis

1995: Buddy L, Inc. (Delaware) – for Chapter 11 plan proponent

Bristol-Myers Company – 1988-1991

Assistant Controller: 1990-1991

- Responsible for SEC reporting for the corporation and internal reporting and analysis for senior management
- Principal corporate financial interface with accounting and finance function for major divisions /subsidiaries
- Managed all corporate disbursements

Director – Internal Audit: 1988-1990

- Managed audits and special projects at corporate and multinational subsidiary levels for the Company's pharmaceutical, healthcare and consumer products businesses

Arthur Andersen & Company – 1978-1988

Manager: 1983-1988

- Managed numerous audit engagements, including overall engagement responsibility for ITT Corporation, Grumman Corporation and Signal Companies
- Advised major investment banks in connection with merger and acquisition structure and techniques.

BOARDS OF DIRECTORS

Corporate

aaPharmaceutical, Inc. 2006-2009

Outsourcing Solutions, Inc. 2003-2005

Supradur Company – 1992-1993

Non-profit

Leukemia and Lymphoma Society

- National Board of Representatives 2005 – present
- NY Chapter - Chairman Emeritus, past President and Trustee 1995-present

Christopher J. Kearns

(continued)

Make-A-Wish Foundation of Metro New York – 1992-1994

Turnaround Management Association – NY Chapter past President

MEMBERSHIPS

Turnaround Management Association (past president – New York)

Association of Certified Insolvency and Restructuring Advisors

American Institute of Certified Public Accountants

NY State Society of CPA's

National Association of Certified Fraud Examiners

American Bankruptcy Institute

EDUCATION AND PROFESSIONAL CERTIFICATIONS

Iona College – BBA Accounting with honors 1978

Certified Public Accountant

Certified Turnaround Professional

Certified Insolvency and Restructuring Advisor

Certified Fraud Examiner

Documents Considered and Relied Upon

Bates RANGE	Description
Court Documents	
NA	Complaint: Official Unsecured Creditors Committee, on behalf of the Debtors' Estates, Case No. 09-100023 (REG)
NA	Deposition of AJ Patel, Thursday, May 14, 2009
NA	Deposition of Alan Bigman, Monday October 19, 2009
NA	Deposition of Alan Bigman, Thursday, May 28, 2009
NA	Deposition of Anand Melvani, May 19, 2009
NA	Deposition of Ann P. Graves, Tuesday October 20, 2009
NA	Deposition of Dan F. Smith, Friday, October 16, 2009
NA	Deposition of David H Witte, Thursday October 22, 2009
NA	Deposition of Douglas Pike, Thursday October 15, 2009
NA	Deposition of Douglas Prescott Lane, Wednesday, October 21, 2009
NA	Deposition of Eberhard Faller, Wednesday, October 7, 2009
NA	Deposition of Gunter Frangenberg, Friday October 30, 2009
NA	Deposition of John Auers, Wednesday October 19, 2009
NA	Deposition of John Joseph Vaske, Friday October 23, 2009
NA	Deposition of Karen Twitchell, Tuesday October 13, 2009
NA	Deposition of Kevin DeNicola, October 12, 2009
NA	Deposition of Len Blavatnik, Wednesday May 27, 2009
NA	Deposition of Lincoln Benet, Thursday May 14, 2009
NA	Deposition of Michael Gironde, Friday, May 22, 2009
NA	Deposition of Philip Kassin, Wednesday, May 13, 2009
NA	Deposition of Robert Jeffries, Thursday, October 22, 2009
NA	Deposition of Volker Trautz, Wednesday, May 20, 2009
NA	Disclosure Statement Accompanying Joint Chapter 11 Plan of Reorganization For the LyondellBasell Debtors
NA	Expert Report of George Intille, dated November 7, 2009
NA	Expert Report of Thomas O'Connor, dated November 7, 2009
NA	First Day Bigman Affidavit
NA	Interview with Alan Bigman
NA	Interview with Karen Twitchell
NA	Interview with Kevin DeNicola
NA	Interview with Mario Portela
NA	Interviews with Dan Smith
Other Documents Considered and Relied Upon	
NA	"Moody's Comments on SABIC's acquisition of GE Plastics", dated May 22, 2007
NA	"Bernstein E&Ps: The 2006 US cost curve and the battle between cyclical and secular inflation," dated May 17, 2007
NA	11 U.S.C. § 101(32)
NA	2008 Ibbotson SBBi Valuation Yearbook
NA	Associated Press, Oct. 23, 2008, "Greenspan Says Economic Crisis Not His Fault, Calls It 'Once-in-a-Century Tsunami'"
NA	Basell AFSCA Quarterly Review -- First Quarter 2007
NA	Basell AFSCA Quarterly Review -- Second Quarter 2007
NA	Basell AFSCA Quarterly Review -- Third Quarter 2007
NA	Basell Annual Report 2006

CONFIDENTIAL

Bates RANGE	Description
NA	Basell Q3 2007 results press release
NA	Budget of the United States Government: Fiscal Year 2008 (http://www.gpoaccess.gov/usbudget/fy08/browse.html)
NA	Capital IQ, www.capitaliq.com
NA	Cf. Unif. Fraudulent Transfer Act § 4(2)(ii); Unif. Fraudulent Conveyance Act § 5
NA	Chemsystems PPE Report; Petrochemical Profitability Forecasts, United States - October 2007
NA	Chemsystems PPE Report; Petrochemical Profitability Forecasts, Western Europe - October 2007
NA	Cost of Capital Applications and Examples, Third Edition, Pratt and Grabowski
NA	Duff & Phelps Valuation at Petition Date 2009
NA	Earnings Press Release Fourth Quarter and Full Year 2006
NA	Eastman Chemical Company - Financial Information, dated October 26, 2006
NA	ECB Real GDP Forecasts (http://www.ecb.int/stats/prices/indic/forecast/html/table_hist_rgdp.en.html)
NA	Faller Depo Exhibit 2: Basell, Budget 2006; Supervisory Board Meeting, December 3, 2005
NA	Final Transcript LYO - Q3 2007 Lyondell Chemical Co. Earnings Conference Call dated October 25, 2007
NA	GE Plastics EBIT from Merrill Lynch Company Update General Electric Co, 22 January 2007
NA	Great American Group, Inventory Valuation and Appraisal - December 2008, Inventory as of September 30, 2008
NA	Great American Group, Update Inventory Valuation and Appraisal - December 2008, Inventory as of Oct 31, 2008
NA	http://www.lyondellbasell.com/Index.htm
NA	Lyondell 2007 first quarter earnings press release
NA	Lyondell 2007 second quarter earnings press release
NA	Lyondell 2007 third quarter earnings press release
NA	LyondellBasell Industries AF S.C.A. Consolidated Financial Statements, Year ended December 31, 2006
NA	LyondellBasell Industries AF S.C.A. Consolidated Financial Statements, Year ended December 31, 2007
NA	LyondellBasell Industries AF S.C.A. Consolidated Financial Statements, Year ended December 31, 2008
NA	LyondellBasell Industries AF S.C.A. Financial Report, June 30, 2008
NA	MergerStat Review 2008 (pg 107,120,152, 153,369)
NA	Moody's Global Corporate Finance – Corporate Default and Recovery Rates, 1920 – 2007
NA	Nova Chemicals, 2008 Annual Report, Letter to Shareholders
NA	Unaudited Pro Forma Combined Financial Statements for the year periods ended 12/31/2006 and 9/30/07
NA	Valuation: Measuring and Managing the Value of Companies 4 th Edition, McKinsey & Company
NA	Valuing a Business; 5 th Edition, Pratt and Niculita
NA	Witte Depo Exhibit 10: CMAI; 2007 Citi Basic Materials Symposium
NA	WSJ Forecasting Survey, December 2007

Third Party Analyst Reports

NA	BB&T Capital Markets; LYO: Bittersweet; Lowering to Hold (2), dated July 18, 2007
NA	BB&T Capital Markets; LYO: Q1 Not an Indicator of 2007, dated April 27, 2007
NA	BB&T; Chemicals - 2008 Outlook: Global Exposure benefits chemicals, dated December 31, 2007
NA	BB&T; LYO: Future Access to Higher Cash Flows Warrants Higher Target Price, May 15, 2007.
NA	BB&T; LYO: Suggested Share Price of \$46 Above our Street-High Target!, June 6, 2007
NA	BB&T; Q3 Review and Q4 Preview: Outlook is brighter than Equities Would Indicate, dated Nov 21, 2007
NA	Bear Stearns; Independent Refiners and Valero Energy, dated December 13, 2007
NA	Bear, Stearns; U.S. Equity Research, Independent Refiners, Tesoro Corp., dated December 5, 2007
NA	Credit Suisse; Lyondell Chemical Co. Earnings: Q3: Weak as Expected, dated October 25, 2007.
NA	Credit Suisse; Lyondell Chemical Co.: Q2 Weaker Ethylene Drives Miss, dated July 26, 2007
NA	Credit Suisse; Lyondell Chemical Company Forecast Reduction; Adjusting Estimates, dated July 9, 2007

Bates RANGE	Description
NA	Credit Suisse; Lyondell Chemical Company: Still a Buy after HUN Deal, dated June 26, 2007
NA	Credit Suisse; Major Chemicals - Market Outlook December 2007, dated December 7, 2007
NA	Credit Suisse; Major Chemicals - Market Outlook Nov 2007, dated November 5, 2007
NA	Credit Suisse; Major Chemicals - Market outlook Oct 2007, dated October 5, 2007
NA	Credit Suisse; Major Chemicals: It's not so much "how long will it last?", and "Where Does the Cash GO?", May 23, 2007
NA	Credit Suisse; Major Chemicals: Market Outlook Aug 2007, dated August 1, 2007
NA	Credit Suisse; Q2: The Good, the Bad, and the Outlook, dated July 27, 2007
NA	Credit Suisse; Specialty Chemical - 2008 Outlook, dated January 7, 2008
NA	Deutsche Bank; Chemicals - Tight supplies, rising energy costs tighten Ethylene Market, dated October 17, 2007
NA	Deutsche Bank; Chemicals Q2 Preview - North American Demand Outlook Again the Focus, dated July 16, 2007
NA	Deutsche Bank; Chemicals: December Score Card, dated January 4, 2008, dated January 4, 2008
NA	Deutsche Bank; Commodity Chemicals - Ethylene Cycle: The end is near, dated July 13, 2007
NA	Deutsche Bank; Pan European Chemicals Outlook 2008, Dec 13, 2007
NA	Goldman Sachs; Global Economics Weekly, November 28, 2007
NA	Goldman Sachs; Lyondell Chemical Company (LYO) Neutral, Basell to acquire LYO at \$48/share, dated July 17, 2007
NA	HSBC; Goodbye to all that, Q1 2008
NA	HSBC; Lyondell Chemical Co. Access looking for access, May 21, 2007
NA	HSBC; Natural Resources and Energy Global Chemicals; The Monthly Chemical Set dated December 3, 2007
NA	HSBC; US Chemicals - Analysing Plastic resin demand trends, dated April 30, 2007
NA	HSBC; US Chemicals - M&A Debt before dishonor, dated July 30, 2007
NA	HSBC; US Chemicals - Q2'07 Focus on Margin Sustainability, M&A, Volumes and Currency, dated July 16, 2007
NA	HSBC; US Chemicals - The capital cost conundrum, dated July 2, 2007
NA	HSBC; US Chemicals - The ethane versus Naphtha debate, dated October 8, 2007
NA	HSBC; US Chemicals - The inventory rally may already be priced in, dated May 29, 2007
NA	IBIS Plastic Wholesaling in the U.S. - November 12, 2008
NA	IBIS World Industry Report, Petrochemical Manufacturing in the US, July 4, 2007
NA	IBIS World Industry Report, Petroleum Refineries in the U.S., January 11, 2008
NA	IBIS World Industry Report, Petroleum Refineries in the U.S., June 8, 2007
NA	IBIS World Industry Report, Petrochemical Manufacturing in the US, October 17, 2007
NA	IMF World Economic Outlook, April 2007
NA	IMF World Economic Outlook, April 2008
NA	IMF World Economic Outlook, April 2009
NA	IMF World Economic Outlook, October 2007
NA	IMF World Economic Outlook, October 2009
NA	JP Morgan; Lyondell Chemical Co. LYO Agrees to \$48 per share Bid By Basell, July 16, 2007.
NA	JP Morgan; Lyondell Chemical Co. Refining Estimates, May 25, 2007.
NA	JP Morgan; NA Equity Research Lyondell Chemical: Where Angels Fear to Tread: Upgrade to OW, May 3, 2007
NA	JPMorgan; Lyondell Chemical Company: Basell Bid Remains on Track, dated July 27, 2007
NA	JPMorgan; Lyondell Chemical Company: More Bidders?, dated July 18, 2007
NA	JPMorgan; Lyondell Chemical Company: One Month to Closing, dated October 26, 2007
NA	JPMorgan; Lyondell Chemical Company: The Plot Thickens, dated June 28, 2007
NA	Key Banc; Industrial: Specialty Chemicals Estimates Change/Price Target Change, dated January 11, 2008
NA	Key Banc; Specialty Chemicals Leading Indicators through October 2007, dated November 26, 2007
NA	Key Banc; Specialty Chemicals: 4Q07 Earnings Review, dated January 11, 2008
NA	Key Banc; Specialty Chemicals: Leading Indicator June Index Increased, dated July 27, 2007

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Bates RANGE	Description
NA	Lehman Brother's Equity Research; Access Industries: TNK – BP JV, Basell, Lyondell, dated August 10, 2007
NA	Lehman Brothers; Lyondell Chemical (LYO - US\$ 26.61) 3 - Underweight; Change of Price Target, dated October 27, 2006
NA	Morgan Stanley ; 2008 Outlook - A More Difficult Year than 2007, dated November 2007
NA	Morgan Stanley; Chemicals: Assessing Downside Risk for 2008, dated December 18, 2007
NA	Morgan Stanley; Commodity Chemicals, Chemical Brief: 1Q07 Review and a Look Forward Dated May 9, 2007
NA	Morgan Stanley; Dow Chemical, A Long Road to Real Transformation; Waiting for Ignition, dated November 27, 2007
NA	Morgan Stanley; Frontier Oil, Results in Line, November 8, 2007
NA	Morgan Stanley; Global Rebalancing is Not Smooth Sailing, December 2007
NA	Morgan Stanley; LYO: Maintaining Overweight Despite Announced Deal with Basell.... Higher?, dated July 17, 2007
NA	Morgan Stanley; LYO: Q1/07 Preview: Refinery Glitches Reduce Earnings But Debt Target Still in Sight, April 23, 2007
NA	Morgan Stanley; Lyondell Chemical Co. From Debt Wilderness to Strategic Flexibility, dated February 16, 2007
NA	Morgan Stanley; Lyondell Chemical Co.: The Underlying Fundamentals Keep Us Overweight, dated June 26, 2007
NA	Morgan Stanley; Lyondell Chemical Co.: Higher Bid Appears Unlikely, dated August 1, 2007
NA	Morgan Stanley; Tesoro Petroleum - Q3 Results Weak; Maintain Overweight, dated November 1 2007
NA	National Economic Review, Fourth Quarter 2008
NA	Societe Generale Cross Asset Research "Global Economic Outlook" December 2007

SEC Filings

NA	Alon USA Energy Inc. Form 10-K for the period ended December 31, 2006
NA	Alon USA Energy Inc. Form 10-K for the period ended December 31, 2007
NA	Alon USA Energy Inc. Form 10-Q for the period ended September 30, 2007
NA	Celanese Corp. Form 10-K for the period ended December 31, 2006
NA	Celanese Corp. Form 10-K for the period ended December 31, 2007
NA	Celanese Corp. Form 10-Q for the period ended September 30, 2007
NA	Eastman Chemical Company Form 10-K for the period ended December 31, 2006
NA	Eastman Chemical Company Form 10-K for the period ended December 31, 2007
NA	Eastman Chemical Company Form 10-Q for the period ended September 30, 2007
NA	Frontier Oil Corp. Form 10-K for the period ended December 31, 2006
NA	Frontier Oil Corp. Form 10-K for the period ended December 31, 2007
NA	Frontier Oil Corp. Form 10-Q for the period ended September 30, 2007
NA	Holly Corp Form 10-K for the period ended December 31, 2006
NA	Holly Corp Form 10-K for the period ended December 31, 2007
NA	Holly Corp Form 10-Q for the period ended September 30, 2007
NA	Huntsman Corp Form 10-K for the period ended December 31, 2006
NA	Huntsman Corp Form 10-K for the period ended December 31, 2007
NA	Huntsman Corp Form 10-Q for the period ended September 30, 2007
NA	Lyondell Chemical Company Form 10-K for the period ended December 31, 2006
NA	Lyondell Chemical Company Form 10-K for the period ended December 31, 2007
NA	Lyondell Chemical Company Form 10-Q for the period ended 3/31/2007
NA	Lyondell Chemical Company Form 10-Q for the period ended 3/31/2008
NA	Lyondell Chemical Company Form 10-Q for the period ended 6/30/2007
NA	Lyondell Chemical Company Form 10-Q for the period ended 9/30/2007
NA	Lyondell Chemical Company Form 10-Q for the period ended 9/30/2008
NA	Lyondell Chemical Company Form 10-Q the period ended 6/30/2008
NA	Lyondell Chemical Company Form SC 13D

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Bates RANGE	Description
NA	Lyondell Chemical Company, Schedule 14A
NA	Nova Chemicals Corp Form 10-K for the period ended December 31, 2006
NA	Nova Chemicals Corp Form 10-Q for the period ended September 30, 2007
NA	Sunoco Inc. Form 10-K for the period ended December 31, 2006
NA	Sunoco Inc. Form 10-K for the period ended December 31, 2007
NA	Sunoco Inc. Form 10-Q for the period ended September 30, 2007
NA	Tesoro Corp Form 10-K for the period ended December 31, 2006
NA	Tesoro Corp Form 10-K for the period ended December 31, 2007
NA	Tesoro Corp Form 10-Q for the period ended September 30, 2007
NA	The Dow Chemical Company Form 10-K for the period ended December 31, 2006
NA	The Dow Chemical Company Form 10-Q for the period ended September 30, 2007
NA	The Dow Chemical Form 10-K for the period ended December 31, 2007
NA	Valero Energy Corp. Form 10-K for the period ended December 31, 2006
NA	Valero Energy Corp. Form 10-K for the period ended December 31, 2007
NA	Valero Energy Corp. Form 10-Q for the period ended September 30, 2007
NA	Western Refining Inc. Form 10-K for the period ended December 31, 2006
NA	Western Refining Inc. Form 10-Q for the period ended September 30, 2007
NA	Western Refining, Inc. Form 10-K for the period ended December 31, 2007
NA	Westlake Chemical Corp. Form 10-K for the period ended December 31, 2006
NA	Westlake Chemical Corp. Form 10-K for the period ended December 31, 2007
NA	Westlake Chemical Corp. Form 10-Q for the period ended September 30, 2007

Bates Ranges

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ACC00039797 - ACC00039818

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LYO 000484 - LYO 000489	
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LYO 001156 - LYO 001192	
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LYO-UCC 00317146 - LYO-UCC 00317172	
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CONFIDENTIAL

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Company Overview¹

The combination of Basell and Lyondell (LBI) created the world's third largest independent chemical company, measured by net sales, and an industry leader in many of the products it produces. Based on published capacities, LBI is the largest global producer of polyolefins and propylene oxide, and the fifth largest global producer of propylene and ethylene. LBI is also the leading supplier of technology licenses and catalysts for polyethylene and polypropylene production. Additionally, LBI has one of North America's largest full conversion refineries capable of processing significant quantities of heavy, high-sulfur crude oil, and it is a significant producer of fuel products. LBI is geographically diverse, with an extensive global manufacturing, supply chain, technical and commercial infrastructure. LBI operates over 60 facilities in 19 countries, and sells products in more than 100 countries. For the twelve months ended June 30, 2007, LBI's net sales and Adjusted EBITDA, on a pro forma basis, would have been \$41 billion and \$4.8 billion, respectively.

LBI has the following divisions, with their respective main products, revenue and EBITDA splits, and product end uses provided below:

¹ LYO-UCC00121376 (Confidential Information Memorandum).

EXHIBIT C

LBI				
Olefins / Polyolefins and Derivatives <ul style="list-style-type: none"> • Ethylene • Propylene • Polyethylene • Polypropylene • Acetyls <p>LTM Revenue: \$26.0 B ⁽¹⁾ LTM EBITDA: \$2.2 B ⁽¹⁾</p> <p><u>End Uses:</u> Food packaging, adhesives, textiles, consumer products</p>	Propylene Oxide & Related Products <ul style="list-style-type: none"> • Propylene Oxide • Oxyfuels • Styrene Monomer • PG and PGE <p>LTM Revenue: \$7.5 B LTM EBITDA: \$0.7 B</p> <p><u>End Uses:</u> Insulation, home furnishings, coatings, adhesives, aircraft deicers</p>	Technology <ul style="list-style-type: none"> • Process Licensing • Catalyst Sales • Technology Services • New Ventures <p>LTM Revenue: \$0.5 B LTM EBITDA: \$0.3 B</p> <p><u>End Uses:</u> Polypropylene and polyethylene manufacturers</p>	Advanced Polyolefins <ul style="list-style-type: none"> • Polypropylene based Composite Materials and Alloys (PCMA) • Catalloy Process Resins • Polybutene-1 <p>LTM Revenue: \$2.1 B LTM EBITDA: \$0.2 B</p> <p><u>End Uses:</u> Automotive, appliances, coatings, specialty films, flexible hot water piping</p>	Refining/Fuels <ul style="list-style-type: none"> • Gasoline • Diesel • Oxyfuels • Olefins Feed <p>LTM Revenue: \$8.9 B ⁽²⁾ LTM EBITDA: \$1.4 B ⁽²⁾</p> <p><u>End Uses:</u> Automotive fuels, aviation fuels, heating oil, industrial engine lube oils</p>

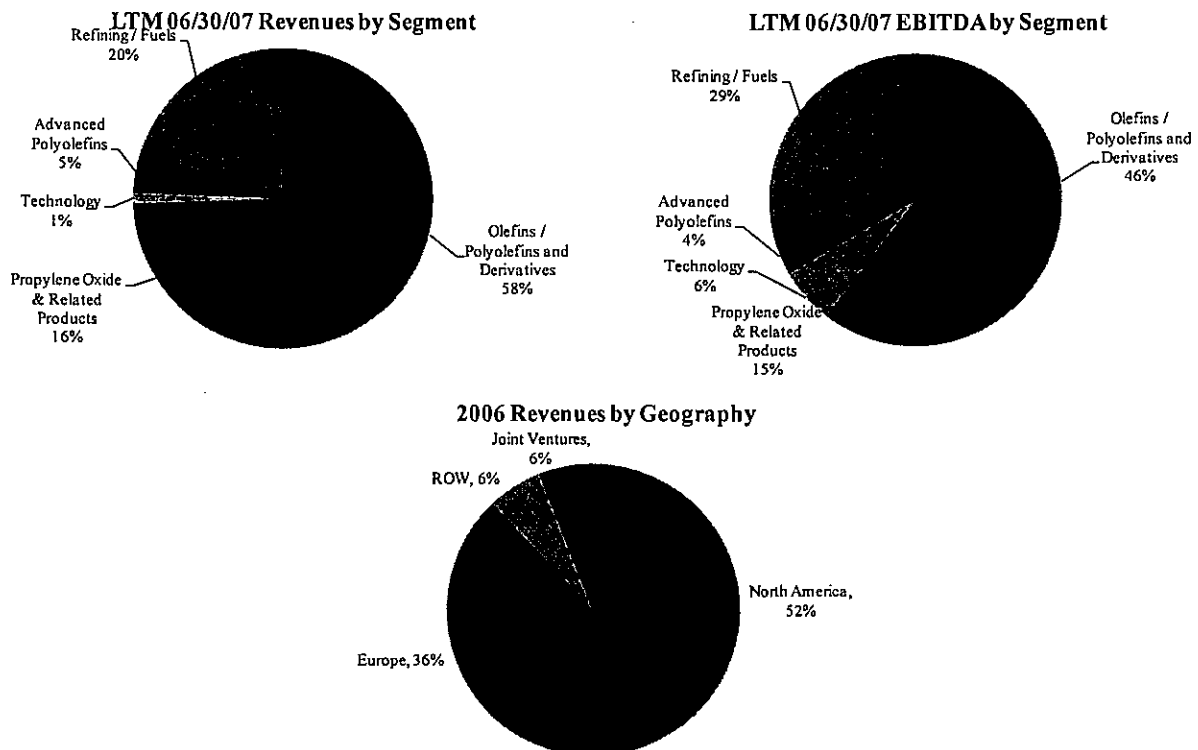
Notes:

Includes intersegment sales. LTM refers to the 12-month period ending June 30, 2007

(1) Combination of Basell's Polyolefins Segment and Lyondell's Ethylene, Co-Products and Derivatives Segment

(2) Includes 100% of Houston Refining

Segment and geographic splits are provided in the following figures:



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Chronology of Selected Industry Analyst Coverage

Performance of Lyondell

JP Morgan Equity Research

- JP Morgan upgraded its rating on Lyondell from Neutral to Overweight. Analysts believed the current (13.1%) and sustainable free cash yield (15%) amply supported a higher stock price and noted that Lyondell had become a fundamentally more valuable and less cyclical entity because the Houston refinery was now wholly owned. JP Morgan expected it to operate with an EBITDA margin of \$11 per barrel due to a shortage of refinery capacity.¹ (May 3, 2007)
- JP Morgan stated their analysis indicated a share value in the range of \$28 to \$48 based on a blended EV/EBITDA multiple. Lyondell was currently trading at an EBITDA multiple of 4.9x JP Morgan's 2007 estimates (at the bottom of their range for their universe of petrochemicals companies). (May 3, 2007)
- Lyondell reported a below-forecast 1Q07 EPS due primarily to the major planned overhaul at its refinery. Refining operations had reported below-average EBITDA of \$133M versus an estimated quarterly EBITDA run rate of \$300M. (May 3, 2007)
- JP Morgan continued its Overweight rating. Analysts stated that Lyondell appeared well positioned to benefit from the current strong pricing environment for crude oil, gasoline, and refined products. In addition, it reported that Lyondell had become a fundamentally more valuable and less cyclical entity because the Houston refinery was now wholly owned. JP Morgan said it expected Lyondell to operate with an EBITDA margin of \$11 per barrel due to a shortage of refinery capacity. Further, JP Morgan said that financial risk had also diminished, and the use of excess cash flow and asset sales should allow Lyondell reduce its debt to capital to 42% in 2008. JP Morgan raised its 2007 EPS estimate for Lyondell to \$3.40 from \$3.20 to reflect stronger refining and MTBE margins partly offset by expected higher ethylene costs and weaker construction demand.² (May 25, 2007)
- JP Morgan continued its Overweight rating and noted that Access' interest in a combination with Lyondell had probably increased as Lyondell provided a good fit with both Basell and Huntsman. JPMorgan stated their expectations that the stock would outperform due to likely stable and high levels of free cash flow generation and an improved valuation relative to its peers. JP Morgan stated that strong gasoline and refining trends and refinancing benefits anchored its earnings outlook. It derived a theoretical share price based on a blended EV/EBITDA multiple. The analysis indicated share value in the range of \$27 to \$48.³ (June 28, 2007)

¹ JP Morgan NA Equity Research Lyondell Chemical: "Where Angels Fear to Tread: Upgrade to OW", May 3, 2007.

² JP Morgan Equity Research Lyondell Chemical Co. "Refining Estimates", May 25, 2007.

³ JP Morgan Equity Research Lyondell Chemical Co. "The Plot Thickens", June 28, 2007,

EXHIBIT D

- JP Morgan recommended continued holding of Lyondell shares as they did not rule out the possibility of a higher bid. It also estimated the enterprise value/EBITDA multiple at approximately 6.5x its 2007 EBITDA estimate of \$2.9 billion and 6.2x its 2008 EBITDA estimate of \$2.7 billion.⁴ (July 17, 2007)
- JP Morgan provided guidance noting that investors should hold their Lyondell stock because it believed Basell's \$48 per share all cash bid would receive the necessary approvals and could be successfully financed. It reduced its 2007 EPS estimate and maintained its 2008 EPS projection. JP Morgan also suggested that it continued to expect ethylene to enter a downturn beginning in late 2009, though cyclical pressures in the ethylene chain would be mitigated.⁵ (July 27, 2007)
- JP Morgan stated that the Lyondell/Basell transaction provided Basell vertical integration and enhanced market reach, and the purchase price seemed reasonable. Further, research stated that there would be substantial synergies in putting Lyondell together with an integrated or offshore refinery/chemical producer.

Morgan Stanley

- Lyondell's refinery earnings were strengthening into the second quarter of 2007 and looked set to deliver strong results through the summer. Analysts expected a solid recovery in ethylene and believed the Company would attain an investment grade rating much sooner than the street believed.⁶ (May 9, 2007)
- Morgan Stanley Research maintained its Overweight rating on Lyondell while keeping a cautious outlook. This rating was based on the underlying strength of Lyondell's refinery margins heading into the summer and the potential for chemical margins easing less than expected. Additionally, Morgan Stanley believed that Lyondell would attain an investment grade rating much sooner than the Street believed.⁷ (June 26, 2007)
- Morgan Stanley Research maintained its Overweight rating and stated it believed the trailing EBITDA multiple of about 7.5x for Lyondell was fair and that it would not be surprised if another strategic buyer stepped in.⁸ (July 17, 2007)

BB&T Capital Markets

- BB&T gave Lyondell a Buy (1) rating given the noted prospects for a longer and stronger ethylene cycle and higher troughs with Lyondell's superior refining assets. BB&T commented that Access could buy out Lyondell, noting they are complementary in global

⁴ JP Morgan Equity Research Lyondell Chemical Co. "LYO Agrees to \$48 per share Bid By Basell", July 17, 2007.

⁵ JP Morgan Equity Research Lyondell Chemical Co. "Basell Bid Remains on Track", July 27, 2007.

⁶ Morgan Stanley Research "Commodity Chemicals Chemical Brief: 1Q/07 Review and a Look Forward", May 9, 2007.

⁷ Morgan Stanley Research "Underlying Fundamentals Keep Us Overweight", June 26, 2007.

⁸ Morgan Stanley Research "Maintaining Overweight Despite Announced Deal with Basell...Higher?", July 17, 2007.

EXHIBIT D

positions, with Lyondell focusing more in North America and Basell focusing more in Europe.⁹ (May 15, 2007)

- BB&T suggested a \$44 price target reflected sum-of-part analysis based on its 2008 estimates, with the refining unit valued at \$7B and chemical businesses valued at 4.5x its 2008 estimates. It noted that Lyondell had historically traded at EV/EBITDA multiples of between 4x and 10x. (May 15, 2007)
- Given the prospects for a longer and stronger polyethylene cycle and higher troughs with superior refining assets, BB&T Capital Markets reiterated their Buy (1) rating. BB&T noted that refining margins were very strong, and Lyondell's MTBE assets in Europe were allowing it to capture strong margins. BB&T believed the major risks facing Lyondell to be unplanned outages of the company's plants, slower economic growth, and the timing of higher raw material costs could lead to near-term shortfalls. Lyondell management still maintained a very positive view for business fundamentals regardless of the Street's negative valuation. Lyondell had a theoretical stock price calculation for the company of \$46.50 based on EV/EBITDA and \$45.50 based on P/E ratio, both above BB&T's Street-high target price of \$44.¹⁰ (June 6, 2007)

HSBC Global Research

- HSBC gave Lyondell a Neutral rating. Analysts noted that the strategic rationale for Access' investment in Lyondell was that Access was short propylene 1.2m tons in North America while Lyondell was long 1.8m tons.¹¹ (May 21, 2007)
- HSBC also raised its 2007 EPS guidance to \$3.40 from \$3.25 due to higher than forecast earnings estimates for Lyondell's refinery business. This valuation was based on product capacity and evaluating average operating rates and normal cash margins. This methodology yielded a normal EPS of \$2.38 per share. HSBC forecasted below-consensus peak earnings because HSBC concluded that historically every peak had been shorter than the previous one and high raw material costs tend to put downward pressure on margins. As such, although HSBC raised its EPS guidance for 2007, they believed that Lyondell would enjoy a shorter period of its peak earnings cycle. (May 21, 2007)

Credit Suisse Equity Research

- Gave an Outperform rating, noting that underlying asset values, along with the high probability of deleveraging, made the stock worth mid \$40s. Credit Suisse noted that risks facing Lyondell's business included raw material price fluctuations, new capacity coming on stream, rising energy costs and a risk of future prolonged economic slump. In

⁹ BB&T Capital Markets Lyondell Chemical Co. "LYO: Future Access to Higher Cash Flows Warrants Higher Target Price", May 15, 2007.

¹⁰ BB&T Capital Markets Chemicals Lyondell Chemical Co. "LYO: Suggested Share Price of \$46 Above our Street-High Target!", June 6, 2007.

¹¹ HSBC Global Research Company report Lyondell Chemical Co. "Access looking for access", May 21, 2007.

EXHIBIT D

addition, Credit Suisse noted that a sudden drop in refining margins was the primary risk to Lyondell's profitability.¹² (June 26, 2007)

- Maintained its Outperform rating for Lyondell. It noted that it was adjusting its second quarter and full year earnings estimates to reflect weaker than expected ethylene and propylene margins. It also noted that refining margins were strong in the second quarter and expected them to remain strong into next year. It noted that further substantial debt reduction remained highly probable given the solid refining cash flows, and it did not change its view of Lyondell's normalized earnings power.¹³ (July 9, 2007)
- Provided a "Hold" rating on Lyondell shares noting that Lyondell was getting sold for a nice premium. It noted that Basell's balance sheet was strong, and that Lyondell's refinery was generating very strong levels of cash. Credit Suisse's outlook was that polyethylene demand remained relatively strong but it may be headed for an inventory correction. Credit Suisse also noted it likely China could not absorb all of the world's polyethylene; and if consumption slowed a little in the OECD, then PE pricing would very likely nosedive. Credit Suisse noted that the operating results of most of the players had weakened.¹⁴ (July 27, 2007)
- Credit Suisse concluded that this was a slight miss for the quarter, which had experienced increased levels of variability. Credit Suisse noted that the volume decline was probably caused by an unplanned outage at a plant but was still surprising given good market fundamentals.¹⁵ (October 25, 2007)

Industry Demand and Growth

IBIS

- Slower than average growth rates currently anticipated. Revenues expected to rise 6% for 2007 to reach \$62 billion. Average annual growth rate of 6.6% per annum (for overall industry revenues) from 2007 through 2012.¹⁶ (July 4, 2007)
- Recent comments by Dow Chemicals that the overall chemicals industry may not hit bottom or the current down cycle until 2010 or 2011 while other analysts are predicting that the predicting that the petrochemical component of the industry may experience strong conditions until 2009.¹⁷ (October 17, 2007)
- On a global basis, CMAI is predicting that the worldwide demand for petrochemicals will grow at an average rate of 3% per annum over the period to 2020. Over the next five year period worldwide demand for both ethylene and propylene will average 4% plus per

¹² Credit Suisse Equity Research Lyondell Chemical Co. "Still a Buy after HUN deal", June 26, 2007.

¹³ Credit Suisse Equity Research Lyondell Chemical Co. "Forecast Reduction-Adjusting Estimates", July 9, 2007.

¹⁴ Credit Suisse Equity Research Lyondell Chemical Co. "Q2: The Good, The Bad, and The Outlook", July 27, 2007.

¹⁵ Credit Suisse Lyondell Chemical Co. Earnings: "Q3: Weak as Expected", October 25, 2007.

¹⁶ IBISWorld Industry Report, July 4, 2007, Petrochemical Manufacturing in the US, p.12.

¹⁷ IBISWorld Industry Report, October 17, 2007, Petrochemical Manufacturing in the US, p.39.

annum, although in the case of the former, there may be a drop off in global capacity utilization rates by the end of the decade as new production capacity comes on in the Middle East and Asia.¹⁸ (October 17, 2007)

UBS Investment Research

- Margin projection for US Ethylene for 2008 at near \$0.12 per pound, at the midpoint of the predicted range of profitability. For 2007 and 2008, cash margins expected to be in the \$0.11 - \$0.13 range, corresponding to global operating rates near 91%.¹⁹ (April 17, 2007)
- For 2007-2009 UBS sensitivity analysis for ethylene margins assumed global GDP projected to range between 2.8% and 4.6%; demand growth to range between 3.5% and 5.5%; and global operating rates between 88.5% and 91% in 2008.²⁰ (April 17, 2007)

Bank of America Equity Research

- A cyclical decline is forecasted for global ethylene in 2009-2011 based on aggregate growth in nameplate capacity of 24%, or double the demand growth projection of 12% over the same 3-year period. Bank of America concluded that a supply-driven downturn is likely to occur despite ongoing project delays in Iran and its base-case forecast of an expansionary global macroeconomic environment.²¹ (April 19, 2007)

Merrill Lynch

- Growth in worldwide demand average 4% per annum over the next 5 years. (July 15, 2007)

Oil Price Expectations

JP Morgan

- Noted that the petrochemical industry had ascended from a 2003 trough to a 2005 peak and was descending slowly to the next trough in 2009. JP Morgan noted that the 2009 trough would be far more profitable than the 2003 trough. JP Morgan noted that Lyondell's gas blending components were far more valuable in 2007 than they were in 2003.²² (May 3, 2007)

¹⁸ IBISWorld Industry Report, October 17, 2007, Petrochemical Manufacturing in the US, p. 41.

¹⁹ UBS Investment Research, 2007 Global Ethylene Analysis, April 17, 2007, p 13.

²⁰ Ibid., p. 6.

²¹ Bank of America Equity Research, Chemicals, Global Ethylene Supply-Demand Analysis, April 19, 2007, p. 1. (APOLLO-LYO_0006102 - APOLLO-LYO_0006128).

²² JP Morgan NA Equity Research Lyondell Chemical: "Where Angels Fear to Tread: Upgrade to OW", May 3, 2007, p. 7.

Bernstein Capital

- Bernstein noted that the lower marginal cost of supply implies that oil and gas prices are too high.²³ (May 17, 2007)

IBIS

- Oil nominal prices are expected to fall to \$54 in 2008 and to \$46 by 2012. Petroleum product prices will follow oil prices down.²⁴ (June 8, 2007)
- Crude oil prices recently exceeded \$70 a barrel and are predicted to stay above \$50 per barrel mark in the immediate to medium term future at least.²⁵ (July 4, 2007)

Prospects for Industry

Petrochemical Manufacturing

Deutsche Bank

- Oversupply is expected to impact the ethylene market in 2009-2011. The extent of the trough is dependent on 1) demand and 2) how well producers execute the next wave of Middle Eastern ethylene projects in 2010-2012. Although global operating rates are expected to remain above 90% in 2008, CMAI expects ethylene cash margins to contract (even in the absence of an economic recession) as market psychology begins to anticipate the wave of capacity additions and buyers alter their purchasing patterns, accordingly.²⁶ (June 2007)
- We believe that the rate of global economic growth is likely to be slightly weaker in 2008 compared with 2007. In addition, in our view the modest customer inventory restocking seen in 2006 and 2007 is unlikely to be repeated unless we see much stronger GDP and a further material increases in the oil price. As a result, we expect industry rates of volume growth to slow from the 5-6% seen in the past two years to approximately 2-3% through 2008. While a further material leg up in the chemical cycle seems unlikely in 2008 (this would require big GDP upgrades), we are careful not to dismiss all current corporate earnings strength as 'cyclical and unsustainable'. Some names are clearly showing structurally improved growth, lowered cyclicalities or increased restructuring. Where these factors are evident, we can often see value.²⁷ (December 13, 2007)

²³ Bernstein Research "Bernstein E&Ps: The 2006 US cost curve and the battle between cyclical and secular inflation", May 17, 2007.

²⁴ IBISWorld Industry Report, June 8, 2007, Petrochemical Manufacturing in the US, p. 35.

²⁵ IBISWorld Industry Report, July 4, 2007, Petrochemical Manufacturing in the US, p. 43.

²⁶ Deutsche Bank, Commodity Chemicals, Ethylene Cycle: The End is Near, June 13, 2007, p. 1-2.

²⁷ Deutsche Bank, Pan European Chemicals Outlook 2008, Dec 13, 2007, p. 3

UBS Investment Research

- UBS believed that there would be continued favorable market conditions for global ethylene through 2008, and possibly into 2009, with a likely downturn in 2010 due to excessive new global capacity coming on-line. Analysts also stated that margins would be better than their historical averages at least through 2008.²⁸ (April 17, 2007)
- UBS further stated that global operating rates should average 90.7% through 2009, the level that would support margins. They also expected demand growth of 4.4% per year to be close to supply growth of 4.7% per year through 2009.²⁹ (April 17, 2007)
- UBS noted that current operating rates are near previous historical peaks seen in 1998 and 1995 and projected that global supply and demand suggests firm global operating rates for the next three years. UBS noted that the current period of strong operating rates has been the result of the severe trough of 2000-2002 when average global capacity additions were less than 2% average per year during 2002-2005. This is less than the long-term demand growth trend-line of 4.5% per year. (July 17, 2007)
- UBS forecasted global GDP growth of 3.6% in 2007 and 3.8% in 2008. UBS also assumed GDP growth at a constant 3.8% in subsequent years. For the four-year period of 2007-2010, UBS anticipated average GDP growth of 3.8% and average ethylene consumption growth of 4.4%. UBS forecast does not assume a significant cooling of the global economy. UBS believed that the global ethylene industry was in the middle of an extended period of strong operating rates and good profitability. (July 17, 2007)

IBIS

- By 2010, there could be another period of oversupply and subsequent drop in profitability; already in 2007, there are signs of possible oversupply scenario.³⁰ (July 4, 2007)
- Worldwide annual ethylene capacity additions are expected to average 5% over the next few years, slightly above projected demand growth rates (of just over 4%), as substantial new capacity comes online in China, India, Taiwan and Singapore. Operating rates for ethylene are still expected remain at relative high levels in the mid to high 90s as buyers restock inventories following the recent drop in crude oil prices.³¹ (July 4, 2007)
- Operating rates for ethylene are still expected remain at relative high levels in the mid to high 90s as buyer's restock inventories following the recent drop in crude oil prices. (October 17, 2007)

²⁸ UBS Investment Research, 2007 Global Ethylene Analysis, April 17, 2007 (APOLLO-LYO_0005990-APOLLO-_0006101).

²⁹ Ibid.

³⁰ IBISWorld Industry Report, July 4, 2007, Petrochemical Manufacturing in the US, p. 42.

³¹ Ibid.

Bank of America Equity Research

- Capacity utilization is expected to remain tight through 2008. Bank of America forecasted operating rates will peak in 2007 at 92%. Thereafter, a downturn in the ethylene industry was expected when operating rates decline to 88% in 2009 before sinking to 81% in 2011. (April 19, 2007)

JP Morgan

- Ethylene/polyethylene fundamentals were steadily rebounding in 2007, and prices were expected to rise modestly further during 2Q07. JP Morgan expected ethylene utilization rates to slowly decrease during 2007-2008 as growth in industry capacity was expected to outpace the rate of demand increase. (May 3, 2007; May 25, 2007)

Morgan Stanley

- On May 9, 2007, Morgan Stanley presented a cautious outlook for the chemical industry. Analysts remained cautious on the long-term prospects for the chemical industry for the next 2-3 years. However, they believed that short-term positives such as cost increases and strong exports would support price increases and margin expansion. (May 9, 2007).

Merrill Lynch

- Ethylene Margins-Cash Margin (cents/lb.) increasing from 2007-2008 and declining through 2011. (July 15, 2007)

BB&T Capital Markets

- Noted that trends for chemical companies were improving in Q4. Among their universe of coverage, 10 out of 13 companies are expected to have yr/yr earnings improvement at an average of 12%, with median improvement of 8.5% as compared to the S&P 500 expected to improve 7% yr/yr.³² (November 21, 2007)

Refining

Bear Stearns

- Sector View: We continue to believe that refining fundamentals are soft. We forecast nationwide refining margin of \$7.00/bbl during the fourth quarter, and \$9.00/bbl for full year 2008.³³ (December 5, 2007)

³² BB&T Capital Markets "Q3 & Q4 Preview: Outlook is Brighter than Equities Would Indicate", November 21, 2007.

³³ Bear, Stearns & Co. Inc. – U.S. Equity Research, Independent Refiners, Tesoro Corp., December 5, 2007, p. 1.

EXHIBIT D

- With margins coming off of historical highs, we believe the credit momentum in the sector is now biased towards the downside. We believe market fundamentals for refiners have largely peaked, and we are likely to see some erosion of refining over the immediate term.³⁴ (December 13, 2007)

Morgan Stanley

- Utilization rates and margins in global refining will remain high and above historic norms during the 2008-2009 period. Global utilization rates and margins in refining will decline in 2008. While the declines are likely to be modest, earnings for Independent R&M entities are expected to decline in 2008 for the second year in a row because variable costs are rising.³⁵ (November 1, 2007)
- We maintain our position that margins in global refining will decline next year but remain above historic norms during 2008-2009. The industry cycle shifted to a different phase during the past year, necessitating greater investor patience with the seasonal trade this year. It is important to note that profits for the largest independent R&M companies will likely decline in 2007, and a similar outcome is likely for 2008.³⁶ (November 8, 2007)

Anticipated Trough

UBS Investment Research

- UBS believed that there would be continued favorable market conditions for global ethylene through 2008, and possibly into 2009, with a likely downturn in 2010 due to excessive new global capacity coming on-line. Capacity additions in the Middle East and China could drive global operating rates to a low of 84% by 2012, which could not support that margins expected in the next two years. The implication is that the industry experiences a return to trough conditions by 2010-2011.³⁷ (April 17, 2007)

IBIS

- Chemical industry may not hit the bottom of the current down cycle until 2010 or 2011, although other analysts are predicting that the petrochemical component of the industry may experience strong conditions until 2009.³⁸ (July 4, 2007)

³⁴ Bear Stearns & Co. Inc. - Independent Refiners and Valero Energy, December 13, 2007, p. 1.

³⁵ Morgan Stanley Research, Tesoro Petroleum, Q3 Results Weak; Maintain Overweight, November 1, 2007, p. 3.

³⁶ Morgan Stanley Research, Frontier Oil, Results in Line, November 8, 2007, p. 3.

³⁷ UBS Investment Research, 2007 Global Ethylene Analysis, April 17, 2007 (APOLLO-LYO_0005990-APOLLO-_0006101).

³⁸ IBISWorld Industry Report, July 4, 2007, Petrochemical Manufacturing in the US p. 41.

Stress Test Model Methodology and Assumptions

1. I developed the Stress Test Model (the "Model") after considering the Projections, which were based on management's assumptions regarding future performance.
2. As designed, the Model allowed me to assess the minimum Cash EBITDA that the Company would need to generate during each of the four years included in the Projections (2008 through 2011) under two alternative scenarios:
 - Scenario One – Determine the minimum level of Cash EBITDA that the Company would need to generate each year in order to maintain a desired level of liquidity as of the last day of each year of \$1.4 billion.
 - Scenario Two – Determine the minimum level of Cash EBITDA that the Company would need to generate in order to remain in compliance with the financial covenants for leverage and debt service under its senior debt agreements.

Each of the above determinations includes consideration of the impact on working capital of crude oil price increases (\$91.69 per barrel at December 31, 2007, with modeled increases to \$100, \$115, \$130 and \$145 per barrel).

3. The Model relies upon certain management assumptions when determining the impact of rising crude oil prices on net cash flow.¹ Specifically, the Model:
 - a. Assumes that for each \$1 increase in the price of a barrel of crude oil, net working capital increases by \$38.9 million consisting of a \$6.1 million increase in accounts receivable (net of the increase in trade accounts payable), and a \$32.8 million increase in the carrying value of inventory. Each increase in the price of crude oil is assumed to occur on January 1 of the applicable year.
 - b. Assumes there is an increase in cash flow (in an amount equal to \$19.6 million per barrel of oil) which occurs during the same year in which there is a

¹ Douglas Pike deposition, Exhibit 21.

\$1 increase in the price of a barrel of crude oil. This increase in cash flow arises from the Company's monetization of an inventory holding gain of \$32.8 million, net of a pricing lag loss of \$13.2 million.

4. The Model employs the following assumptions:

- a. Liquidity – For purposes of my analyses Liquidity is defined to be the sum of unrestricted cash and borrowing availability under the Inventory and Receivables Asset Based Loan (“ABL”) facilities (net of outstanding letters of credit and minimum borrowing base availability required to remain in compliance with applicable ABL covenants) and the Revolving Credit Facility (“Revolver”).
- b. Opening balance for the analyses – LBI's December 31, 2007 consolidated balance sheet is the opening balance sheet for purposes of conducting the analyses. Liquidity at December 31, 2007 was \$2.14 billion based on:
 - i. \$560 million in unrestricted cash
 - ii. \$430 million available in the Revolver
 1. \$1 billion facility size
 2. Less: \$550 million included in that facility specifically for the acquisition of Berre
 3. Less: \$20 million in normalized letters of credit (“LOC”)
 - iii. \$1 billion available under the ABL Inventory facility
 1. \$1.6 million total facility size
 - a. \$1.0 billion base facility size
 - b. \$600 million accordion feature
 2. Less: \$300 million in normalized LOCs
 3. Less: \$200 million to avoid tripping trigger covenants in the ABL facilities
 4. Less: \$100 million outstanding as of 12/31/2007
 - iv. \$150 million available under the ABF A/R facility
 1. \$1.15 billion facility size
 2. Less: \$1.0 billion outstanding as of 12/31/2007

Effective January 1, 2008, LBI is assumed to fully draw upon all facilities up to their maximum facility size. All proceeds from such borrowings were held in unrestricted cash.

- c. Collateral for Borrowings - The Model assumes that at all times there was sufficient available collateral to support such borrowings.
- d. Berre Acquisition – At all times \$550 million of liquidity was set aside to fund the Berre acquisition (although the Projections assume Berre did not generate any EBITDA or resulting free cash flows).
- e. \$600 Million Inventory ABL – The April 30, 2008 expansion of the inventory ABL facility was assumed to have been in place, net of fees, as of January 1, 2008 (the starting date of my analysis) since, at the time of the Acquisition, LBI had negotiated for and anticipated utilizing this accordion feature.
- f. No Additional Loan Facilities – Notwithstanding the Company’s collateral base could have supported such expansion, no additional debt financings were assumed to have been implemented throughout the period of the Projections.
- g. Access Revolving Credit Facility – No borrowings were assumed to have been made under the Access revolving credit facility at any time during the Projections period. Further, availability under this facility was excluded from my determination of Liquidity.
- h. Income Tax Payments – U.S. and foreign income tax (“Cash Taxes”) in the Model is calculated based upon Earnings Before Income Taxes (“EBIT”) times an incremental tax rate of 35% without consideration of the impact of net operating losses and tax credits. Income tax expense is assumed to be paid in cash each year.
- i. Interest Rates for Floating Rate Debt Facilities – The Model assumes a 4.4% LIBOR rate for the entire period of the Projections.
- j. Interest Expense – The Model calculates interest expense based on the amount of debt outstanding as of the beginning of each financial period. This assumes that scheduled debt amortization payments are paid on the last day of each quarterly financial period.

- k. Other Matters – The Model makes no assumptions regarding foreign exchange or commodity risks.
- 5. Capital expenditures are initially included in the Model in amounts specified in the Projections. However, the Model assumes that during periods when the Company does not achieve planned Cash EBITDA levels, management would have anticipated such shortfalls and taken action to reduce discretionary capital expenditures.

EXHIBIT E

The following tables demonstrate the calculation of the amount of Cash EBITDA that was needed to maintain Desired Minimum Liquidity of \$1.4 billion when the price of crude oil was \$91.7 and \$145 per barrel.

Calculation of Cash EBITDA to Maintain Desired Minimum Liquidity of \$1.4B
(\$ in millions)

Cash EBITDA Required to Maintain \$1.4B in Liquidity	2008	2009	2010	2011
Cash Needed to Maintain \$1.4B Liquidity	2,886	3,061	3,123	2,969
Cash Needed to Fund Net Working Capital Increase	0	0	0	0
Cash Taxes	0	0	0	0
Required Cash EBITDA	2,886	3,061	3,123	2,969
Modeled Crude Oil Price (\$/bbl)	91.7			
Baseline Crude Oil Price (\$/bbl)	91.7			
Net Cash Flow Impact per \$1/bbl Crude Oil Increase	19.3			

Annual Cash Flows	2008	2009	2010	2011
Starting Liquidity	2,140	1,400	1,400	1,400
Cash Outflows				
Interest Expense	2,138	2,087	2,078	2,046
Capital Expenditures	1,086	665	611	555
Scheduled Debt Payments	190	190	395	395
Other	212	120	39	(26)
Sub-total	(1,486)	(1,661)	(1,723)	(1,569)
Cash Needed to Maintain \$1.4B Liquidity	2,886	3,061	3,123	2,969
Ending Liquidity	1,400	1,400	1,400	1,400

Tax Calculation	2008	2009	2010	2011
Required Cash EBITDA	2,886	3,061	3,123	2,969
less Depreciation	1,282	1,313	1,330	1,341
less Interest Expense	2,138	2,087	2,078	2,046
Taxable Income	0	0	0	0
Cash Taxes	0	0	0	0
Tax Rate	35%			

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Calculation of Cash EBITDA to Maintain Desired Minimum Liquidity of \$1.4B

(\$ in millions)

Cash EBITDA Required to Maintain \$1.4B in Liquidity	2008	2009	2010	2011
Cash Needed to Maintain \$1.4B Liquidity	2,886	3,061	3,123	2,969
Cash Needed to Fund Net Working Capital Increase	1,029	0	0	0
Cash Taxes	266	0	0	0
Required Cash EBITDA	4,181	3,061	3,123	2,969
Modeled Crude Oil Price (\$/bbl)	145.0			
Baseline Crude Oil Price (\$/bbl)	91.7			
Net Cash Flow Impact per \$1/bbl Crude Oil Increase	19.3			

Annual Cash Flows	2008	2009	2010	2011
Starting Liquidity	2,140	1,400	1,400	1,400
Cash Outflows				
Interest Expense	2,138	2,087	2,078	2,046
Capital Expenditures	1,086	665	611	555
Scheduled Debt Payments	190	190	395	395
Other	212	120	39	(26)
Sub-total	(1,486)	(1,661)	(1,723)	(1,569)
Cash Needed to Maintain \$1.4B Liquidity	2,886	3,061	3,123	2,969
Ending Liquidity	1,400	1,400	1,400	1,400

Tax Calculation	2008	2009	2010	2011
Required Cash EBITDA	4,181	3,061	3,123	2,969
less Depreciation	1,282	1,313	1,330	1,341
less Interest Expense	2,138	2,087	2,078	2,046
Taxable Income	761	0	0	0
Cash Taxes	266	0	0	0
Tax Rate	35%			

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The following table demonstrates the calculation of the amount of liquidity in order to maintain senior covenant compliance.

Calculation of Liquidity in Order to Maintain Senior Covenant Compliance

(\$ in millions)

Cash EBITDA Required to Maintain Senior Covenant Compliance	2008	2009	2010	2011
Starting Liquidity (Cash)	2,140	2,161	2,270	2,478
Cash Flow	21	109	209	271
Ending Liquidity (Cash)	2,161	2,270	2,478	2,749

Annual Cash Flow Calculation	2008	2009	2010	2011
Required EBITDA to Meet Covenants	3,769	3,170	3,332	3,240
Cash Needed to Fund Net Working Capital Increase	0	0	0	0
Cash Taxes	(122)	0	0	0
Interest Expense	(2,138)	(2,087)	(2,078)	(2,046)
Capital Expenditures	(1,086)	(665)	(611)	(555)
Scheduled Debt Payments	(190)	(190)	(395)	(395)
Other	(212)	(120)	(39)	26
Cash Flow	21	109	209	271
Modeled Crude Oil Price (\$/bbl)	91.7			
Baseline Crude Oil Price (\$/bbl)	91.7			
Net Cash Flow Impact per \$1/bbl Crude Oil Increase	19.3			

Covenant Calculation	2008	2009	2010	2011
<u>First Lien Senior Secured Leverage Ratio – 7.11 (a)</u>				
Consolidated First Lien Senior Secured Debt	10,017	9,861	9,605	9,287
Divided by: Consolidated EBITDA (LTM)	3,769	3,170	3,332	3,240
First Lien Senior Secured Leverage Ratio	2.66	3.11	2.88	2.87
Financial Covenant Target (max.)	3.75	3.75	3.75	3.75
Compliance				
<u>Consolidated Debt Service Ratio – 7.11 (b)</u>				
LTM Consolidated EBITDA	3,769	3,170	3,332	3,240
Minus: LTM Capital Expenditure	1,086	665	611	555
Minus: LTM Cash Taxes	122	0	0	0
Divided by the sum of: Consolidated Interest Expense and: LTM Scheduled Amortization	2,138 190	2,087 190	2,078 395	2,046 395
Consolidated Debt Service Ratio	1.10	1.10	1.10	1.10
Financial Covenant Target (min.)	1.10	1.10	1.10	1.10
Compliance				

LyondellBasell Industries AF S.C.A.
Summary Balance Sheet⁽¹⁾

<i>(\$ in millions)</i>	As of 12/31/2007
Cash & cash equivalents	\$ 560
Restricted cash	1,471
A/R:	
Trade, net	3,889
Related parties	276
Inventories	5,178
Prepaid expenses and other current assets	620
Total current assets	11,994
Property, plant & equipment, net	17,146
Investments & long-term receivables:	
Investment in PO joint ventures	978
Equity investments	1,259
Other investments & long-term receivables	145
Goodwill	5,247
Intangible assets, net	2,484
Other assets	475
Total assets	\$ 39,728
Current liabilities:	
Current maturities of long-term debt	459
Short-term debt	2,415
Accounts payable:	
Trade	3,800
Related parties	524
Accrued liabilities	2,068
Deferred income taxes	432
Total current liabilities	9,698
Long-term debt, net of OID	21,541
Other liabilities	1,881
Deferred income taxes	4,543
Commitments & contingencies	-
Minority interests	144
Total liabilities	37,807
Stockholder's equity:	
Common stock	60
Additional paid-in capital	563
Retained earnings	881
Accumulated other comprehensive income	417
Total stockholder's equity	1,921
Total liabilities and stockholder's equity	\$ 39,728

Note:

(1) December 31, 2007 reflects the balance sheet date closest to the Acquisition date.

Sources:

Audited consolidated balance sheet as of December 31, 2007 presented on a GAAP basis from the "LyondellBasell Industries AF S.C.A. (formerly Basell AF S.C.A.) Consolidated Financial Statements for Years ended December 31, 2007 and 2006" from the Company's website: <http://lyondellbasell.com/InvestorRelations/FinancialInformation/AnnualFinancialStatements>.

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LyondellBasell Industries AF S.C.A.
Summary of Total Debts
As of December 31, 2007
(\$ millions)

Current maturities of long-term debt *	\$ 459
Short-term debt, net of restricted cash *	944
Long-term debt (including \$186 million OID) *	21,727
Accrued interest ⁽¹⁾	123
Unfunded Pension and other postretirement benefits ⁽²⁾	747
Commitments, contingencies and other ⁽³⁾	684
Minority interests *	144
Total Debts	\$ 24,828

Notes:

(1) As per "LB Trial Balance08", tab BS1208, as of December 31, 2007.

(2) Represents (i) unfunded obligation for US and Non-US defined benefit obligations (\$82 million and \$304 million respectively) and (ii) unfunded benefit obligation for US and Non-US other post-retirement benefits including health and life insurance (\$321 million and \$40 million respectively).

(3) Represents:

Contingent consideration - December 2005 SCA joint venture acquisition	\$ 104
Contingent consideration - Muenchsmuenster cracker business acquisition	18
UK pension exit fee claim	57
Restructuring costs associated with planned cessation of two facilities	32
Net fair value of financial instruments and derivative agreements	29
Future environmental remediation costs	260
BASF vs. Lyondell breach of sales litigation including pre-judgment interest	184
Total commitments, contingencies and other	<u>\$ 684</u>

* See Exhibit F.

Sources:

- (i) LyondellBasell Industries AF S.C.A. audited consolidated balance sheet as of December 31, 2007 from the "LyondellBasell Industries AF S.C.A. (formerly Basell AF S.C.A.) Consolidated Financial Statements for Years ended December 31, 2007 and 2006" from the Company's website: <http://lyondellbasell.com/InvestorRelations/FinancialInformation/AnnualFinancialStatements>.
- (ii) "LB Trial Balance08", tab BS1208, as of December 31, 2007 (LYO-UCC00485554).

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**LyondellBasell Industries AF S.C.A.
Historical Unaudited Pro Forma Combined Income Statements
and EBITDA Reconciliation to the November 2007 CIM**

Notes

	Last Fiscal Year 12/31/2006	Latest Twelve Months 9/30/2007	
<i>(\$ in millions)</i>			
Revenue	\$ 35,743	\$ 42,783	
Operating costs and expenses	33,737	39,858	
Operating income	2,006	2,925	
Income from associates and joint ventures	223	158	
Interest income	117	152	
Other income (expenses)	38	86	
Interest (expense)	(2,236)	(2,218)	
Income from continuing operations before income tax	\$ 148	\$ 1,103	
Taxes	(85)	(286)	
Net income from continuing operations, per Unaudited Pro Forma Combined Income Statements	\$ 63	\$ 817	
Proforma EBITDA before adjustments:			
Net income from continuing operations	\$ 63	\$ 817	
Taxes	85	286	
Interest expense	2,236	2,218	
Other (income) expenses	(38)	(86)	
Interest (income)	(117)	(152)	
Proforma impact of 100% ownership of Houston Refining	688	-	(1)
Depreciation and Amortization	1,672	1,763	(2)
	\$ 4,589	\$ 4,846	
Adjustments to EBITDA:			
Insurance proceeds	(68)	-	(3)
Asset impairments	186	100	(4)
Gain on Basell's share in HMC PTT investment	(24)	-	(5)
Pension related non-recurring costs	-	(81)	(6)
Dispute settlement expenses	-	77	(7)
Operating cost synergies of combined companies	349	349	(8)
Adjusted EBITDA, including equity income from affiliates	\$ 5,032	\$ 5,291	
Adjusted EBIT, including equity income from affiliates	\$ 3,361	\$ 3,528	

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**LyondellBasell Industries AF S.C.A.
Historical Unaudited Pro Forma Combined Income Statements
and EBITDA Reconciliation to the November 2007 CIM**

Notes

Notes:

(1) Reflects proforma impact on EBIT for 100% ownership of Houston Refining from January 1, 2006 to August 16, 2006. Adjustments are as follows:

Subtract: Income from equity investment in Houston Refinery for period 1/1/06 to 8/16/06	\$	(73)
Add: Proforma impact on EBIT assuming 100% ownership of Houston Refining from 1/1/06 to 8/16/06		
Operating income	\$	145
Add: One-time charges related to termination of crude supply agreement		300
Add: Effect of operating for full year under new crude oil contract		316
Total adjusted Houston Refining EBIT 1/1/06 to 8/16/06		761
Net impact on EBIT	\$	688

Source: Lyondell Chemical Company ("LCC") Form 10K for year ended 12/31/07 and Basell/Lyondell Confidential Information Memorandum Public Side, dated November 2007.

(2) Depreciation and Amortization ("D&A") is computed as follows:

LCC D&A	\$	711	\$	878	(i)
Basell D&A		505		496	(ii)
Proforma adjustments to combined companies' D&A		377		389	(iii)
Proforma Houston Refining D&A 100% ownership 1/1/06 to 8/16/06		79		-	(iv)
Total Depreciation and Amortization	\$	1,672	\$	1,763	

Sources of D&A:

(i) LCC Form 10K for the year ended 12/31/07 and LCC Form 10Q for the nine-months ended 9/30/07.

(ii) Basell AF S.C.A Condensed Consolidated Interim Financial Statements for three and twelve month period ended 31 December 2006 converted at an exchange rate of 1.4219 US\$ to the Euro, consistent with the exchange rate LyondellBasell used in its Proforma Condensed Combined Financial Statements for year ended 12/31/06 and twelve months ended 9/30/07 (page 6). LTM 9/30/07 depreciation and amortization represents the 3 months ended 12/31/06 from the Basell AF S.C.A Condensed Consolidated Interim Financial Statements for the three and twelve month period ended 31 December 2006 plus the 9 months ended 9/30/07 from the Basell AF S.C.A Condensed Consolidated Interim Financial Statements for the third quarter and nine-months 2007, converted at an exchange rate of 1.4219 US\$ to the Euro, consistent with the exchange rate LyondellBasell used in its Proforma Condensed Combined Financial Statements for the year ended 12/31/06 and twelve months ended 9/30/07 (page 6).

(iii) Unaudited proforma combined financials for year ended 12/31/06 and LTM 9/30/07, sourced from the LyondellBasell company website, notes 4(b), 4(d) and 4(e).

(iv) Basell/Lyondell Confidential Information Memorandum Public Side Presentation, November 2007 (CITI_LYO0001274-1377) Section D.(iii). Houston Refining D&A for period January 1, 2006 to August 16, 2006.

(3) Represents (i) \$14 million Lyondell proceeds received for insurance reimbursement (\$20 million less amounts paid to CITGO as settlement of outstanding claims of Houston Refining), (ii) \$1 million proceeds received from insurance reimbursements related to Lyondell's plants and (iii) \$53 million Basell gain on property damage insurance claim (EUR 37 million translated at exchange rate used in the LyondellBasell Proforma Condensed Combined Financial Statements for year ended 12/31/06 of 1.4219 US\$ to Euro).

(4) Represents \$106 million in 2006 related to Lyondell's idled Lake Charles, Louisiana ethylene facility and \$80 million and \$100 million in 2006 and LTM 9/30/07 respectively related to Basell's fixed assets and intangibles.

(5) Represents September 2006 gain on sale of portion of investment in HMC PTT Public Company Limited, reflected in "Income from equity investments", adjusted upward to reflect the exchange rate LyondellBasell used in its Proforma Condensed Combined Financial Statements for the year ended 12/31/06 and twelve months ended 9/30/07 (page 6) (adjusted from an exchange rate of 1.3197 US\$ to Euro as of 12/31/06 to 1.4219 US\$ to Euro).

(6) Represents EUR 57 million related to Basell pension related curtailment gains, translated at exchange rate of 1.4219 US\$ to Euro.

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**LyondellBasell Industries AF S.C.A.
Historical Unaudited Pro Forma Combined Income Statements
and EBITDA Reconciliation to the November 2007 CIM**

Notes

(7) Represent dispute settlement charges related to the Lyondell PO&RP segment including charges related to the 2005 shutdown of the Lake Charles, Louisiana TDI facility.

(8) Synergies represent total expected synergies of the combined companies of \$420 minus the synergies related to revenue enhancement of \$71 million as per the update to management's projections as revised by the Company's management on or around October 2, 2007, according to the Goldman Sachs Credit Review. The total cost of synergies of \$195 million (\$155 million year 1 plus \$40 million in year 2), per the same source noted above, are deducted from TIC as a one-time cost in Exhibit Q.

(9) Legacy Lyondell's 2006 consolidated revenues as reported in this Exhibit H include the Houston Refinery's revenues only for the period from the date of Lyondell's acquisition of the other joint venturer's ownership interests (August 16, 2006) through December 31, 2006. Lyondell's proforma 2006 consolidated revenues, as reported in the CIM, include the Houston Refinery's 2006 revenues as if it had been wholly owned by Lyondell for the full year 2006.

(10) Basell's 2006 and LTM 2007 revenues as reported in this Exhibit H do not agree with the comparable amounts reported in the CIM because of: (i) Differences between the basis of accounting used to prepare Basell's 2006 and 2007 LTM financial statements (which is International Financial Reporting Standards or "IFRS") and U.S. generally accepted accounting principles ("U.S. GAAP") (this difference is applicable to both the 2006 and 2007 LTM revenues), and (ii) Different currency translation rates, applied to Basell's IFRS-based, Euro-denominated financial statements, for valuation purposes (rates as of September 30, 2007) versus CIM reporting purposes (this difference is applicable to Basell's 2006 financial statements only).

Sources:

"Unaudited Pro Forma Condensed Combined Financial Statements" for the Year Ended 12/31/2006 and LTM 9/30/07 from the LyondellBasell company website:

<http://lyondellbasell.com/NR/rdonlyres/1D1DA4E0-2A44-46AF-BB69-B7AB452822A0/0/LyondellBasellProformas.pdf>.

Lyondell Chemical Company Form 10K for year ended 12/31/07.

Lyondell Chemical Company Form 10Q for quarter ended 9/30/07.

Basell AF S.C.A Consolidated Interim Financial Statements Third Quarter and 9 months 2007 results.

Basell AF S.C.A Condensed Consolidated Interim Financial Statements for the three and twelve-month period ended 31 December 2006.

LyondellBasell Industries AF S.C.A. audited financial statements for year ended 12/31/07 and 12/31/06.

Basell/Lyondell Confidential Information Memorandum Public Side Presentation, November 2007 ("November 2007 CIM") (CITI_LYO0001274-1377).

Goldman Sachs Credit Review dated October 2, 2007, page 21 (GSCP_LYON00043570).

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EXHIBIT H

**LyondellBasell Industries AF S.C.A.
Historical Unaudited Pro Forma Combined Income Statements and EBITDA
Reconciliation to the November 2007 CIM**

	Last Fiscal Year 12/31/2006					Latest Twelve Months 9/30/2007				
	Basell (Euros)	Basell (US\$)	Lyondell	Proforma Adjustments	Proforma Combined	Basell (Euros)	Basell (US\$)	Lyondell	Proforma Adjustments	Proforma Combined
Adjusted EBITDA, including equity income from affiliates (total on Page 1 of Exhibit H)	1,073	\$ 1,526	\$ 3,287	\$ 219	\$ 5,032	1,363	\$ 1,939	\$ 2,728	\$ 624	\$ 5,291
Income from affiliates, net of gains	(85)	(121)	-	-	(121)	(109)	(155)			(155)
Items included in IFRS-determined operating income only	5	7	-	-	7					-
Foreign currency translation ⁽¹⁾		(155)		-	(155)					-
Hurricane related benefits received			15	-	15					-
Planned maintenance turnaround								195		195
Other / Synergies			2	(349)	(347)	(9)	(13)	22	(349)	(340)
Rounding					-		(1)			(1)
Adjusted EBITDA per November 2007 CIM	993	\$ 1,257	\$ 3,304	\$ (130)	\$ 4,431	1,245	\$ 1,770	\$ 2,945	\$ 275	\$ 4,990

Note:

(1) Foreign currency translation adjustment from 1.4219 US\$ to the Euro used in the Proforma Combined Financial Statements. 1.266 US\$ to the Euro used in CIM.

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LyondellBasell Industries AF S.C.A.
Summary of Balance Sheet Test Based on TIC
As of December 20, 2007

<i>(\$ in millions)</i>	Weighted Indication of Value		
	Indicated FMV of TIC	Weight	Weighted Value
Market Approach - Guideline Companies	\$ 33,100	20%	\$ 6,620
Market Approach - Comparable Transactions	37,400	20%	7,480
Income Approach - Discounted Cash Flow	32,000	60%	19,200
		100%	33,300
Indicated Fair Market Value of TIC ⁽¹⁾			33,300
Less: Total Debts ⁽²⁾			24,828
Fair Market Value of Assets in Excess of Debts			\$ 8,472

Notes:

(1) Represents the Fair Market Value of Total Invested Capital ("TIC") determined on a controlling, going concern basis. TIC represents equity (common, preferred and minority interests) plus total interest-bearing debt and capital leases plus unfunded pension and other post-retirement pension obligations.

(2) See EXHIBIT G.

LyondellBasell Industries AF S.C.A.

Discounted Cash Flow Analysis - Based on Management's Projections ⁽¹⁰⁾
(S in millions)

Inputs

WACC (See EXHIBIT K)	10%
Long-term Growth Rate	2.5%

Discounted Cash Flow Analysis

	2007	2008	2009	2010	2011	Terminal Value
Basell EBITDA	\$ 1,755	\$ 1,681	\$ 1,343	\$ 1,109	\$ 1,135	\$ 1,405 ⁽²⁾
Lyondell EBITDA	2,858	3,515	3,072	2,818	2,593	2,971 ⁽²⁾
Other	-	(18)	(18)	(18)	(18)	(18) ⁽³⁾
Synergies	-	200	340	420	420	420 ⁽⁴⁾
Implementation Cost	-	(155)	(40)	-	-	- ⁽⁴⁾
Base EBITDA	4,613	5,222	4,697	4,329	4,130	4,778
Depreciation		(1,282)	(1,313)	(1,330)	(1,341)	(832) ⁽⁵⁾
Amortization		(121)	(100)	(50)	(45)	- ⁽⁵⁾
EBIT		3,820	3,284	2,948	2,744	3,946
Base EBITDA		5,222	4,697	4,329	4,130	4,778
Change in Trade Working Capital		329	179	139	(214)	(87) ⁽⁶⁾
Change in Other Working Capital		197	87	40	85	37 ⁽⁶⁾
Change in Deferred Income		23	(14)	11	(1)	-
Taxes ⁽¹⁾		(1,337)	(1,149)	(1,032)	(960)	(1,381)
Employee Benefits/Bonus		(41)	(23)	(34)	(24)	(30) ⁽³⁾
Other		(97)	(178)	(145)	(99)	(130) ⁽³⁾
Operating Cash Flows		4,298	3,599	3,307	2,916	3,187
Capital Expenditures		(1,196)	(953)	(625)	(555)	(832) ⁽⁷⁾
Dividends from Associates		99	95	129	151	118 ⁽³⁾
Debt Free Cash Flow	\$ 3,201	\$ 2,741	\$ 2,812	\$ 2,512	\$ 2,473	
Debt Free Cash Flow	\$ 3,201	\$ 2,741	\$ 2,812	\$ 2,512		
Mid-year Present Value Factor (2008-11)	0.9535	0.8668	0.7880	0.7164		0.6830
Present Value	\$ 3,052	\$ 2,376	\$ 2,216	\$ 1,799		
Present Value of Projection Period Cash Flows				\$ 9,442		

Terminal Value:

Debt Free Cash Flow Terminal Year	\$ 2,473
Divided by: Capitalization Rate	7.50% ⁽⁸⁾
Terminal Value	\$ 32,975
Present Value Factor	0.6830
Present Value of Terminal Value	\$ 22,522

Implied TY EBITDA multiple:	6.9 x ⁽⁹⁾
TY as % of Total Present Value:	70%

Summary of Discounted Cash Flow Analysis:

Present Value of Projection Period Cash Flows	\$ 9,442
Present Value of Terminal Value	22,522
Cumulative Present Value (as of 12/20/07)	\$ 31,965
Indicated Value of Total Invested Capital, rounded	\$ 32,000

Notes:

- (1) Taxes calculated on a debt free basis assuming a tax rate of 35%.
- (2) Terminal EBITDA estimated at average peak 2007 to trough 2011 EBITDA.
- (3) Estimated at average of previous four years.
- (4) Synergies fully realized by terminal year.
- (5) Depreciation and amortization in terminal year set equal to terminal year Capex.
- (6) Working capital accounts estimated to grow annually at long term growth rate.
- (7) Terminal year capital expenditures equal to 4 year projected average.
- (8) Computed as WACC of 10.0% minus long-term growth rate of 2.5%.
- (9) Computed as terminal value divided by terminal year Base EBITDA.
- (10) Differences from source due to rounding.

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EXHIBIT K

**Lyondell Basell Industries AF S.C.A.
Weighted Average Cost of Capital
As of December 20, 2007**

After-Tax Cost of Equity

Relevered Beta Using Selected Data for Subject Company

Market Risk Premium (a)

Risk Free Rate: Long Term Treasury Bonds (b)

Subtotal

Size Premium (c)

Unsystematic Risk Factor (d)

Cost of Equity

0.95
7.05%
4.03%
10.7%
0.00%
1.00%
11.7%

After-Tax Cost of Debt

Pretax Cost of Debt (e)

Estimated Future Tax Rate (f)

After-Tax Cost of Debt

6.55%
35.0%
4.3%

Weighted Average Cost of Capital:			
Type of Capital	% of Total	After-Tax Return	Weighted Return
Equity	74.7%	11.7%	8.8%
Debt	25.3%	4.3%	1.1%
	100.0%		9.84%
WACC (Rounded):			
			10.0%

Notes:

- (a) Source: 2008 Valuation Yearbook by Ibbotson Associates, Long-horizon expected equity risk premium (historical).
 (b) Yield on 10 Year US Treasury Bond, Capital IQ, as of: 12/20/2007
 (c) Source: 2008 Valuation Yearbook by Ibbotson Associates, size premium for companies with market capitalization between \$20.4 billion - \$472.5 billion is negative 0.34%. For purposes of this analysis, since LyondellBasell's market capitalization falls in the largest decile assuming the industry Debt to TIC ratio, I have not applied a size premium in determining the cost of equity.
 (d) Reflecting risks specific to subject company. While quantitative analysis strongly suggests no company specific risk premium, to be conservative and to consider that LBI is a merging entity, I have included a company specific risk premium comparable to the discount to the median guideline company multiples in the market approach.
 (e) Moody's BAA Corp Bond Yield.
 (f) Assumes a tax rate of 35% based on the April 2, 2008 Management presentation (LYO-UCC00256870).

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EXHIBIT K

Guideline Company WACC Inputs

Guideline Companies	Ticker Symbol	Book Debt /TIC	Debt / Equity	Tax Rate Last FY (b)	5 Year Weekly Observed Beta (a)	5 Year Unlevered Beta	5 Year Weekly Levered Beta
Nova Chemicals Corp.	IQ386289	40.0%	66.6%	30.4%	1.28	0.88	1.10
The Dow Chemical Company	NYSE:DOW	18.2%	22.3%	23.2%	1.18	1.01	1.27
Celanese Corp.	NYSE:CE	33.5%	50.4%	38.1%	0.56	0.43	0.54
Huntsman Corporation	NYSE:HUN	36.4%	57.3%	30.4%	0.51	0.36	0.46
Westlake Chemical Corp.	NYSE:WLK	20.1%	25.1%	31.1%	0.96	0.82	1.03
Eastman Chemical Co.	NYSE:EMN	23.4%	30.6%	29.0%	1.18	0.97	1.22
Average for Guideline Companies (Chemicals)		28.6%	42.1%	30.4%	0.94	0.74	0.94
Median for Guideline Companies (Chemicals)		28.5%	40.5%	30.4%	1.07	0.85	1.07
Valero Energy Corp.	NYSE:VLO	15.8%	18.8%	33.3%	1.03	0.92	1.05
Tesoro Corporation	NYSE:TZO	17.6%	21.3%	37.7%	1.25	1.10	1.26
Sunoco Inc.	NYSE:SUN	19.0%	23.4%	38.0%	1.17	1.02	1.17
Frontier Oil Corp.	NYSE:FTO	3.2%	3.3%	34.6%	0.93	0.91	1.04
Holly Corp.	NYSE:HOC	0.0%	0.0%	35.6%	1.08	1.08	1.23
Western Refining Inc.	NYSE:WNR	40.1%	66.9%	35.4%	0.57	0.40	0.46
Alon USA Energy, Inc.	NYSE:ALJ	28.3%	39.5%	36.2%	0.76	0.60	0.69
Average for Guideline Companies (Refining)		17.7%	24.7%	35.8%	0.97	0.86	0.98
Median for Guideline Companies (Refining)		17.6%	21.3%	35.6%	1.03	0.92	1.05
Data Selected for Subject	Chemicals 70% Refining 30%	25.3%	36.9%	35.0%	0.95	0.78	0.95

Notes:

- (a) Source: Capital IQ; Betas calculated vs. S&P.
(b) Tax rate for Nova and Huntsman represents the average of the chemical guideline companies as these companies had tax credits in the last fiscal year.
(c) I utilized the average Beta as opposed to the median because each comparable company has been vetted and established as a viable data source (i.e. not an outlier).

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EXHIBIT L

LyondellBasell Industries AF S.C.A.
Business Descriptions of Guideline Companies

Ticker/ CIQ ID	Company Name	Primary Industry	Country	Business Description
IQ386289	Nova Chemicals Corp.	Commodity Chemicals	Canada	NOVA Chemicals Corporation, together with its subsidiaries, engages in the production and marketing of plastics and chemicals worldwide. It offers ethylene, polyethylene, higher-value polyethylene, and various chemical and energy products; and expandable polystyrene, as well as higher-value styrenic polymers. The company also produces styrene monomer and solid polystyrene. In addition, it offers various chemical and energy co-products, including propylene, benzene, and butadiene building blocks that are used to make items, such as tires, carpet and clothing fibers, or household goods; and gasoline additives and fuel oil. The company's products are used in a range of applications, including rigid and flexible packaging, containers, plastic bags, plastic pipe, consumer electronics, building and construction materials, automotive components, housewares, and other industrial and consumer goods. NOVA Chemicals markets its products through its sales force, as well as through distributors, agents, and traders primarily in Canada, the United States, Europe, Asia, Africa, Australia, and Latin America. The company was founded in 1954 and is based in Calgary, Canada. Nova Chemicals Corp. (NYSE:NCX) operates independently of TransCanada PipeLines Limited as of July 6, 1998. As of July 6, 2009, Nova Chemicals Corp. operates as a subsidiary of International Petroleum Investment Company.
NYSE:DOW	The Dow Chemical Company	Diversified Chemicals	United States	The Dow Chemical Company engages in the manufacture and sale of chemicals, plastic materials, agricultural, and other specialized products and services worldwide. The company operates in six segments: Performance Plastics, Performance Chemicals, Agricultural Sciences, Basic Plastics, Basic Chemicals, and Hydrocarbons and Energy. The Performance Plastics segment provides automotive products, building solutions, epoxy resins, intermediates and specialty resins, polyurethanes and polyurethane systems, specialty plastics and elastomers, and technology licensing and catalyst products. The Performance Chemicals segment offers polymers, latex, and specialty chemicals. The Agricultural Sciences segment provides pest management, agricultural, and crop biotechnology products and solutions. The Basic Plastics segment offers polyethylene, polypropylene, and polystyrene resins. The Basic Chemicals segment provides chemicals, such as acids, alcohols, caustic soda, chlorine, chloroform, and other chemicals; and ethylene oxide/ethylene glycol chemicals. The Hydrocarbons and Energy segment procures fuels, natural gas liquids, and crude oil-based raw materials, as well as supplies monomers, power, and steam. Its products include benzene; butadiene; butylene; cumene; ethylene; propylene; styrene; power, steam, and other utilities. The company also involves in the property and casualty insurance and reinsurance business through its Liana Limited subsidiaries. It serves various industries, including appliance; automotive; agricultural; building and construction; chemical processing; electronics; furniture; house wares; oil and gas; packaging; paints, coatings, and adhesives; personal care; pharmaceutical; processed foods; pulp and paper; textile and carpet; utilities; and water treatment industries. The Dow Chemical Company was founded in 1897 and is based in Midland, Michigan.

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EXHIBIT L

Ticker/ CIQ ID	Company Name	Primary Industry	Country	Business Description
NYSE:CE	Celanese Corp.	Commodity Chemicals	United States	<p>Celanese Corporation engages in producing and selling industrial chemicals, acetyl products, and engineered polymers in North America, Europe, and Asia. The company involves in processing chemical raw materials, such as methanol, carbon monoxide, and ethylene, as well as natural products, including wood pulp into value-added chemicals, thermoplastic polymers, and other chemical-based products. It operates in four segments: Advanced Engineered Materials, Consumer Specialties, Industrial Specialties, and Acetyl Intermediates. The Advanced Engineered Materials segment develops, produces, and supplies polymers, which are used in automotive and electronics products, as well as other consumer and industrial applications. Its products include polyacetal products (POM), polyphenylene sulfide (PPS), GUR, liquid crystal polymers (LCP), long fiber reinforced thermoplastics (LFRT), polybutylene terephthalate (PBT), and polyethylene terephthalate (PET). The Consumer Specialties segment produces and supplies Acetate tow and Acetate flake, which are used in the production of filter products; and Sunett, a sweetener, as well as food protection ingredients, such as sorbates for the food, beverage, and pharmaceutical industries. The Industrial Specialties segment provides Emulsions, and AT Plastics. Its Emulsions products are used in paints and coatings, adhesives, building and construction, glass fiber, textiles, and paper; and AT Plastics are used in packaging films, lamination film products, hot melt adhesives, medical tubing, automotive carpeting, and solar cell encapsulation films. The Acetyl Intermediates segment produces and supplies acetyl products, including acetic acid, VAM, acetic anhydride, and acetate esters used in colorants, paints, adhesives, coatings, and medicines; and chemicals, such as organic solvents and intermediates used in pharmaceutical, agricultural, and chemical products. The company was founded in 2004 and is headquartered in Dallas, Texas.</p>
NYSE:HUN	Huntsman Corporation	Diversified Chemicals	United States	<p>Huntsman Corporation operates as a global manufacturer of differentiated organic chemical products and of inorganic chemical products. Its products comprise a range of chemicals and formulations, which the company markets globally to a diversified group of consumer and industrial customers. Huntsman's products are used in a range of applications, including those in the adhesives, aerospace, automotive, construction products, durable and non-durable consumer products, electronics, medical, packaging, paints and coatings, power generation, refining, synthetic fiber, textile chemicals, and dye industries. The company's key product lines include MDI, amines, surfactants, epoxy-based polymer formulations, textile chemicals, dyes, maleic anhydride, and titanium dioxide. Huntsman operates in five segments: Polyurethanes, Advanced Materials, Textile Effects, Performance Products, and Pigments. Its Polyurethanes, Advanced Materials, Textile Effects, and Performance Products segments produce differentiated organic chemical products, and Pigments segment produces inorganic chemical products. The company was founded in 1970 and is based in Salt Lake City, Utah.</p>
NYSE:WLK	Westlake Chemical Corp.	Commodity Chemicals	United States	<p>Westlake Chemical Corporation engages in the manufacture and marketing of basic chemicals, vinyls, polymers, and fabricated products. It operates in two segments, Olefins and Vinyls. The Olefins segment manufactures and markets ethylene, polyethylene, styrene monomer, and various ethylene co-products, such as propylene, crude butadiene, and hydrogen. The Vinyls segment manufactures and markets polyvinyl chloride, vinyl chloride monomer, chlorine, caustic soda, and ethylene. This segment also manufactures and sells products fabricated from polyvinyl chloride, which comprise pipes, window and door profiles, and fences. The company's products are used in consumer and industrial markets, including flexible and rigid packaging, automotive products, coatings, and residential and commercial construction, as well as in other durable and non-durable goods. It serves chemical processors, plastics fabricators, construction contractors, municipalities, and supply warehouses primarily in the United States, Canada, and Singapore. The company was founded in 1985 and is headquartered in Houston, Texas.</p>

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EXHIBIT L

Ticker/ CIQ ID	Company Name	Primary Industry	Country	Business Description
NYSE:EMN	Eastman Chemical Co.	Diversified Chemicals	United States	Eastman Chemical Company engages in manufacturing and selling chemicals, plastics, and fibers in the United States. The company operates in five segments: Coatings, Adhesives, Specialty Polymers, and Inks (CASPI); Fibers; Performance Chemicals and Intermediates (PCI); Performance Polymers; and the Specialty Plastics (SP). The CASPI segment manufactures liquid vehicles, additives, specialty polymers, and other raw materials that are used in paints and coatings, inks, adhesives, and other formulated products. The Fibers segment offers Estelon acetate tow and Esurobond triacetin plasticizers used in cigarette filters; Estelon natural and Chromspun solution-dyed acetate yarns for use in apparel, home furnishings, and industrial fabrics; and cellulose acetate flake and acetyl raw materials for acetate fiber producers. The PCI segment offers intermediates; performance chemicals; and complex organic molecules, such as diketene derivatives, specialty ketones, and specialty anhydrides for pharmaceutical, fiber, and food and beverage ingredients, which are used in specialty market applications. This segment's products are used in various markets and end uses, including agrochemical, automotive, beverages, nutrition, pharmaceuticals, medical devices, toys, photographic and imaging, household products, polymers, textiles, and industrials. The Performance Polymers segment provides polyethylene terephthalate for use in beverage and food packaging, as well as in custom-care and cosmetics packaging, health care and pharmaceutical uses, household products, carpet fibers, and industrial packaging applications. The SP segment offers cellulosic plastics and specialty copolyesters, which are used in specialty packaging, in-store fixtures and displays, consumer and durable goods, medical goods, personal care and consumer packaging, photographic film, optical film, fibers/nonwovens, tapes/labels, and LCD's. The Company was founded in 1920 and is headquartered in Kingsport, Tennessee.
NYSE:VLO	Valero Energy Corp.	Oil and Gas Refining and Marketing	United States	Valero Energy Corporation operates as a crude oil refining and marketing company. The company operates through two segments, Refining and Retail. The Refining segment engages in the refining operations, wholesale marketing, product supply and distribution, and transportation operations. This segment produces conventional gasoline, distillates, jet fuel, asphalt, petrochemicals, lubricants, and other refined products, as well as a slate of premium products, including gasoline mixture, gasoline meeting the specifications of the California Air Resources Board (CARB), CARB diesel fuel, low-sulfur and ultra-low-sulfur diesel fuel, and oxygenates. It owns and operates 16 refineries located in the United States, Canada, and Aruba. The Retail segment sells transportation fuels at retail stores and unattended self-service card locks; convenience store merchandise in retail stores; and home heating oil to residential customers in the United States and Canada. Valero Energy markets its refined products through bulk and rack marketing network, and approximately 5,800 retail and wholesale branded outlets in the United States, Canada, and Aruba under various brand names, including Valero, Diamond Shamrock, Shamrock, Ultramar, Beacon, Corner Store, and Stop N Go. In addition, Valero Energy produces renewable fuels, such as ethanol. It was formerly known as Valero Refining and Marketing Company and changed its name to Valero Energy Corporation in August 1997. The company was founded in 1955 and is based in San Antonio, Texas.
NYSE:TSO	Tesoro Corporation	Oil and Gas Refining and Marketing	United States	Tesoro Corporation engages in refining and marketing petroleum products. It operates in two segments, Refining and Retail. The Refining segment processes both heavy and light crude oils and produces primarily gasoline and gasoline blendstocks, jet fuel, diesel fuel, and heavy fuel oils. It also manufactures other refined products, including liquefied petroleum gas, petroleum coke, and asphalt. As of December 31, 2008, this segment owned and operated seven petroleum refineries located in the western and mid-continental United States with a combined crude oil capacity of 665 thousand barrels per day. The Retail segment sells gasoline and diesel fuel through company-operated retail stations and third-party branded distributors in the western and mid-continental United States. As of the above date, it included a network of 389 branded retail stations primarily operated by the company under the Tesoro, Mirastar, Shell, and USA Gasoline names; and 490 branded stations operated by independent dealers. Tesoro Corporation markets its refined products to wholesale and retail customers, as well as commercial end-users. The company was formerly known as Tesoro Petroleum Corp and changed its name to Tesoro Corporation in November 2004. Tesoro Corporation was founded in 1939 and is based in San Antonio, Texas.

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EXHIBIT L

Ticker/ CIQ ID	Company Name	Primary Industry	Country	Business Description
NYSE:SUN	Sunoco Inc.	Oil and Gas Refining and Marketing	United States	<p>Sunoco, Inc., through its subsidiaries, manufactures and markets various petroleum products, including fuels, lubricants, and petrochemicals in the United States. It also manufactures, distributes, and markets commodity and intermediate petrochemicals; and has interests in logistics and cokemaking businesses. The company operates in five segments: Refining and Supply, Retail Marketing, Chemicals, Logistics, and Coke. Refining and Supply segment manufactures petroleum products, including gasoline; middle distillates, such as jet fuel, heating oil, and diesel fuel; and residual fuel oil. It also produces commodity petrochemicals, including olefins and their derivatives, such as ethylene, ethylene oxide polymers, and refinery-grade propylene; and aromatics and their derivatives comprising benzene, cumene, cyclohexane, toluene, and xylene. This segment also manufactures petroleum and lubricant products. It sells these products primarily to wholesale and industrial customers. Retail Marketing segment engages in the retail sale of gasoline and middle distillates, as well as the operation of convenience stores in 26 states, primarily on the East Coast and in the Midwest region of the United States. Chemicals segment manufactures, distributes, and markets commodity and intermediate petrochemicals, such as phenol, acetone, bisphenol-A, and other phenol derivatives, as well as polypropylene. Logistics segment operates refined product and crude oil pipelines and terminals, and conducts crude oil acquisition and marketing activities primarily in the northeast, midwest, and south central regions. As of December 31, 2008, the company owned and operated approximately 3,800 miles of crude oil pipelines and approximately 2,200 miles of refined product pipelines. Coke segment operates metallurgical coke plants and metallurgical coal mines, and manufactures metallurgical coke for use in the steel industry. Sunoco was founded in 1886 and is based in Philadelphia, Pennsylvania.</p>
NYSE:FTO	Frontier Oil Corp.	Oil and Gas Refining and Marketing	United States	<p>Frontier Oil Corporation, together with its subsidiaries, engages in refining crude oil and marketing refined petroleum products. It purchases crude oil to be refined and markets the refined petroleum products, including various grades of gasoline, diesel, jet fuel, asphalt, chemicals, and petroleum coke. The company operates refineries in Cheyenne, Wyoming and El Dorado, and Kansas with a total annual average crude oil capacity of approximately 182,000 barrels per day. The Cheyenne refinery markets its refined products primarily in eastern Colorado, eastern Wyoming, and western Nebraska to independent retailers, jobbers, and oil companies. The El Dorado refinery offers its products in Colorado, Wyoming, western Nebraska, Montana, Utah, Kansas, Oklahoma, eastern Nebraska, Iowa, Missouri, and North and South Dakota. The company was formerly known as Wainoco Oil Corporation. Frontier Oil Corporation was founded in 1949 and is headquartered in Houston, Texas.</p>
NYSE:HOC	Holly Corp.	Oil and Gas Refining and Marketing	United States	<p>Holly Corporation and its subsidiaries operate as a petroleum refiner in the United States. It produces gasoline, diesel fuel, and jet fuel. As of December 31, 2008, the company owned and operated 2 refineries consisting of a petroleum refinery in Artesia, New Mexico and a refinery in Woods Cross, Utah; and owned approximately 900 miles of crude oil pipelines located principally in west Texas and New Mexico. Its refineries process sour crude oil, and regional sweet and Canadian sour crude oils serving markets in the southwestern United States and northern Mexico. The company also manufactures and markets asphalt products from various terminals in Arizona and New Mexico. In addition, Holly Corporation transports liquid petroleum gas (LPG) to LPG wholesalers and LPG retailers; offers gasoline to refiners, convenience store chains, independent marketers, and retailers; and provides diesel fuel to other refiners, truck stop chains, wholesalers, and railroads. Further, it owned a 46% interest in Holly Energy Partners, L.P., which has logistics assets, including approximately 2,600 miles of petroleum product pipelines located in west Texas and New Mexico; 10 refined product terminals; a jet fuel terminal; 2 refinery truck rack facilities; a refined products tank farm facility; on-site crude oil tankage; and a 70% interest in Rio Grande Pipeline Company, a joint venture that owns a 249-mile refined product pipeline that transports LPG from west Texas to the Texas/Mexico. The company was founded in 1947 and is based in Dallas, Texas.</p>

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EXHIBIT L

Ticker/ CIQ ID	Company Name	Primary Industry	Country	Business Description
NYSE:WNR	Western Refining Inc.	Oil and Gas Refining and Marketing	United States	Western Refining, Inc., through its subsidiaries, operates as an independent crude oil refiner and marketer of refined products in Texas, Arizona, New Mexico, Utah, Colorado, and the Mid-Atlantic region. The company operates in three groups: Refining group, Retail group, and Wholesale group. The Refining group operates the four refineries and related refined products terminals, and asphalt terminals. This group refines crude oil and other feedstocks into finished products, such as gasoline, diesel fuel, jet fuel, and asphalt, as well as markets its products to wholesale distributors and retail chains. The Retail Group operates service stations, which include convenience stores or kiosks that sell gasoline, diesel fuel, general merchandise, and beverage and food products. As of February 27, 2009, it owned and operated 153 retail service stations and convenience stores. The Wholesale Group distributes commercial wholesale petroleum products primarily in Arizona, California, Colorado, Nevada, New Mexico, Texas, and Utah to customers in the mining, construction, utility, manufacturing, transportation, aviation, and agricultural industries. The company is headquartered in El Paso, Texas.
NYSE:ALJ	Alon USA Energy, Inc.	Oil and Gas Refining and Marketing	United States	Alon USA Energy, Inc., together with its subsidiaries, engages in the refining and marketing of petroleum products primarily in the south central, southwestern, and western regions of the United States. The company operates in three segments: Refining and Unbranded Marketing, Asphalt, and Retail and Branded Marketing. The Refining and Unbranded Marketing segment refines crude oil into petroleum products, including gasoline, diesel fuel, jet fuel, motor fuel, petrochemicals, feedstocks, and asphalts in its sour and heavy crude oil refineries in Big Spring, Texas, and Paramount and Long Beach in California; and light sweet crude oil refinery in Krotz Springs, Louisiana. The Asphalt segment markets paving and roofing grades of asphalt, including performance-graded asphalts, emulsions, and cutbacks through its 12 refinery/terminal locations in Big Spring, Texas; Paramount, Long Beach, Elk Grove, Bakersfield, and Mojave, California; Willbridge, Oregon; Richmond Beach, Washington; Phoenix, Flagstaff, and Fredonia, Arizona; and Fernley, Nevada. This segment also owns a 50% interest in Wright Asphalt Products Company, LLC, which specializes in patented tire rubber modified asphalt products. The Retail and Branded Marketing segment operates convenience stores that offer various grades of gasoline, diesel fuels, general merchandise, and food and beverage products to the general public, primarily under the 7-Eleven and FINA brand names. It also licenses the use of the FINA brand name and provides credit card processing services to approximately 240 licensed locations. As of December 31, 2008, this segment operated 306 convenience stores primarily in central and west Texas, and New Mexico. The company was founded in 2000 and is based in Dallas, Texas. Alon USA Energy, Inc. is a subsidiary of Alon Israel Oil Company, Ltd.

Source: Capital IQ.

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EXHIBIT M

**LyondellBasell Industries AF S.C.A.
Guideline Company Multiples**

Total Invested Capital to EBITDA ⁽¹⁾

Latest Fiscal Year
Latest 12 Months

Total Invested Capital to EBIT ⁽¹⁾

Latest Fiscal Year
Latest 12 Months

Selected Multiples after 10% Discount		
Chemicals Median	Refining Median	Weighted Multiple
7.7 x	6.6 x	6.6 x
7.2 x	5.1 x	5.9 x
11.0 x	7.3 x	8.9 x
10.7 x	5.6 x	8.3 x

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EXHIBIT M

LyondellBasell Industries AF S.C.A.
Guideline Company Multiples

	Chemicals (Commodity and Diversified)					
	Nova Chemicals Corp. ⁽²⁾	The Dow Chemical Company	Celanese Corp.	Huntsman Corp.	Westlake Chemical Corp.	Eastman Chemical Co.
Total Invested Capital to EBITDA ⁽¹⁾	8.3 x	6.9 x	9.0 x	9.4 x	4.2 x	7.1 x
	6.9 x	7.3 x	8.7 x	10.7 x	6.2 x	7.2 x
Total Invested Capital to EBIT ⁽¹⁾	16.5 x	9.4 x	11.9 x	16.2 x	5.3 x	10.1 x
	10.7 x	10.3 x	11.3 x	19.0 x	9.9 x	10.6 x

Notes - TIC Multiples:

(1) Includes equity income from affiliates. Excludes non-operating income and expenses and extraordinary and certain unusual charges. Also, for guideline companies with LIFO inventory accounting, EBIT and EBITDA have been adjusted to a FIFO basis by adding the change in LIFO reserve for the respective time period.

(2) Nova EBITDA and EBIT adjusted to US GAAP basis.

Source:
Capital IQ.

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EXHIBIT M

LyondellBasell Industries AF S.C.A.
Guideline Company Multiples

	Refining						
	Valero Energy Corp.	Tesoro Corp.	Sunoco Inc.	Frontier Oil Corp.	Holly Corp.	Western Refining Inc.	Alon USA Energy, Inc.
Total Invested Capital to EBITDA ⁽¹⁾							
Latest Fiscal Year	5.1 x	5.3 x	5.2 x	7.5 x	6.6 x	10.2 x	7.7 x
Latest 12 Months	4.0 x	5.2 x	3.8 x	5.8 x	5.1 x	7.9 x	4.5 x
Total Invested Capital to EBIT ⁽¹⁾							
Latest Fiscal Year	5.7 x	6.0 x	6.8 x	8.3 x	7.3 x	10.7 x	8.9 x
Latest 12 Months	4.4 x	6.1 x	4.5 x	6.3 x	5.6 x	8.8 x	5.2 x

Notes - TIC Multiples:

(1) Includes equity income from affiliates. Excludes non-operating income and expenses and extraordinary and certain unusual charges. Also, for guideline companies with LIFO inventory accounting, EBIT and EBITDA have been adjusted to a FIFO basis by adding the change in LIFO reserve for the respective time period.

Source:

Capital IQ.

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LyondellBasell Industries AF S.C.A.
Guideline Company Comparative Analysis- LTM

(\$ in millions)

	Segments		Lyondell Basell Industries
	Chemicals	Refining	
Size			
Revenue	\$ 7,124	\$ 5,874	\$ 42,783
Gross Profit	1,364	861	n/a
EBITDA, excluding equity income from affiliates ⁽¹⁾	946	667	5,133
EBITDA, including equity income from affiliates ⁽¹⁾	956	676	5,291
EBIT, excluding equity income from affiliates ⁽¹⁾	527	613	3,370
EBIT, including equity income from affiliates ⁽¹⁾	537	622	3,528
Net Income	200	508	817
Growth Rates			
Historical Revenue Annual Growth Rates			
LFY	6%	20%	
LTM (vs LFY)	4%	7%	3%
Historical EBITDA Annual Growth Rates, incld Eq Inc Aff ⁽¹⁾			
LFY	-11%	11%	
LTM (vs LFY)	-4%	29%	5%
Historical EBIT Annual Growth Rates incld Eq Inc Aff ⁽¹⁾			
LFY	-15%	13%	
LTM (vs LFY)	-7%	31%	5%
Estimated EBITDA Growth Rates 2007 to 2008 ⁽²⁾	1%	-6%	11%
Profitability			
Gross Profit Margin %	15%	11%	n/a
EBITDA %, excl equ from aff ⁽¹⁾	11%	9%	12%
EBITDA %, incl equ from aff ⁽¹⁾	12%	10%	12%
EBIT %, excl equ from aff ⁽¹⁾	7%	8%	8%
EBIT %, incl equ from aff ⁽¹⁾	8%	8%	8%
Net Income %	4%	5%	2%
Liquidity			
Current Ratio	1.5	1.4	1.1
Quick Ratio	1.0	0.9	0.5

LFY = Last Fiscal Year

LTM = Latest Twelve Months

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LyondellBasell Industries AF S.C.A.
Guideline Company Comparative Analysis- LTM

(\$ in millions)

	Chemicals						
	Nova Chemicals Corp.	The Dow Chemical Company	Celanese Corp.	Huntsman Corporation	Westlake Chemical Corp.	Eastman Chemical Co.	Median
Size							
Revenue	\$ 6,572	\$ 51,522	\$ 6,992	\$ 10,907	\$ 2,866	\$ 7,255	\$ 7,124
Gross Profit	957	7,247	1,477	1,599	260	1,250	1,364
EBITDA, excluding equity income from affiliates ⁽¹⁾	712	6,233	1,103	946	269	985	946
EBITDA, including equity income from affiliates ⁽¹⁾	712	7,303	1,201	956	271	985	956
EBIT, excluding equity income from affiliates ⁽¹⁾	460	4,102	826	527	167	666	527
EBIT, including equity income from affiliates ⁽¹⁾	460	5,172	924	537	169	666	537
Net Income	(560)	3,390	289	(94)	110	297	200
Growth Rates							
Historical Revenue Annual Growth Rates							0.0
LFY	16%	6%	10%	0%	2%	6%	6%
LTM (vs LFY)	1%	5%	5%	3%	15%	-3%	4%
Historical EBITDA Annual Growth Rates, incld Eq Inc Aff ⁽¹⁾							
LFY	33%	-12%	21%	-22%	-11%	-26%	-11%
LTM (vs LFY)	19%	-6%	4%	-12%	-32%	-1%	-4%
Historical EBIT Annual Growth Rates incld Eq Inc Aff ⁽¹⁾							
LFY	86%	-15%	30%	-31%	-15%	-34%	-15%
LTM (vs LFY)	54%	-9%	5%	-14%	-46%	-5%	-7%
Estimated EBITDA Growth Rates 2007 to 2008 ⁽²⁾	2%	-8%	5%	14%	-9%	0%	1%
Profitability							
Gross Profit Margin %	15%	14%	21%	15%	9%	17%	15%
EBITDA %, excl equ from affl ⁽¹⁾	11%	12%	16%	9%	9%	14%	11%
EBITDA %, incl equ from affl ⁽¹⁾	11%	14%	17%	9%	9%	14%	12%
EBIT %, excl equ from affl ⁽¹⁾	7%	8%	12%	5%	6%	9%	7%
EBIT %, incl equ from affl ⁽¹⁾	7%	10%	13%	5%	6%	9%	8%
Net Income %	-9%	7%	4%	-1%	4%	4%	4%
Liquidity							
Current Ratio	1.3	1.6	1.4	1.5	2.9	2.1	1.5
Quick Ratio	0.6	1.0	1.0	0.7	1.6	1.3	1.0

LFY = Last Fiscal Year
LTM = Latest Twelve Months

Notes:

(1) For guideline companies with LIFO inventory accounting, EBIT and EBITDA have been adjusted to FIFO by adding the change in LIFO reserve for the respective time period.

(2) Represents the median of various analyst reports' estimates from Thomson Reuters, dated 8/6/07 through 12/20/07. The expected growth rates of certain guideline companies represents EBIT, operating income or gross profit.

Sources:

Capital IQ.

LTM 9/30/2007 and year ending 2006 statements of income are based on the "Unaudited Pro Forma Condensed Combined Financial Statements" for the Year Ended 12/31/2006 and Twelve Months ended 9/30/07 from the LyondellBasell company website:

<http://lyondellbasell.com/NR/rdonlyres/1D1DA4E0-2A44-46AF-BB69-B7AB452822A0/0/LyondellBasellProformas.pdf>. See EXHIBIT H.

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LyondellBasell Industries AF S.C.A.
Guideline Company Comparative Analysis- LTM

(\$ in millions)

	Refining							
	Valero Energy Corp.	Tesoro Corp.	Sunoco Inc.	Frontier Oil Corp.	Holly Corp.	Western Refining Inc.	Alon USA Energy, Inc.	Median
Size								
Revenue	\$ 88,884	\$19,402	\$ 37,705	\$ 4,956	\$ 4,290	\$ 5,874	\$ 4,336	\$ 5,874
Gross Profit	10,523	1,841	3,006	861	588	579	461	861
EBITDA, excluding equity income from affiliates ⁽¹⁾	10,976	1,688	2,832	820	514	409	412	667
EBITDA, including equity income from affiliates ⁽¹⁾	10,986	1,693	2,858	820	533	409	423	676
EBIT, excluding equity income from affiliates ⁽¹⁾	9,946	1,433	2,359	757	469	367	355	613
EBIT, including equity income from affiliates ⁽¹⁾	9,956	1,438	2,385	757	488	367	366	622
Net Income	5,781	764	1,023	508	332	315	166	508
Growth Rates								
Historical Revenue Annual Growth Rates								
LFY	12%	9%	15%	20%	32%	23%	37%	20%
LTM (vs LFY)	-2%	7%	5%	3%	7%	40%	36%	7%
Historical EBITDA Annual Growth Rates, incld Eq Inc Aff ⁽¹⁾								
LFY	-4%	10%	-29%	27%	11%	16%	25%	11%
LTM (vs LFY)	29%	3%	39%	30%	29%	29%	70%	29%
Historical EBIT Annual Growth Rates incld Eq Inc Aff ⁽¹⁾								
LFY	-7%	7%	-35%	29%	13%	14%	20%	13%
LTM (vs LFY)	30%	-1%	50%	32%	31%	21%	71%	31%
Estimated EBITDA Growth Rates 2007 to 2008 ⁽²⁾	-8%	6%	-5%	-23%	-25%	-6%	2%	-6%
Profitability								
Gross Profit Margin %	12%	9%	8%	17%	14%	10%	11%	11%
EBITDA %, excl equ from aff ⁽¹⁾	12%	9%	8%	17%	12%	7%	9%	9%
EBITDA %, incl equ from aff ⁽¹⁾	12%	9%	8%	17%	12%	7%	10%	10%
EBIT %, excl equ from aff ⁽¹⁾	11%	7%	6%	15%	11%	6%	8%	8%
EBIT %, incl equ from aff ⁽¹⁾	11%	7%	6%	15%	11%	6%	8%	8%
Net Income %	7%	4%	3%	10%	8%	5%	4%	5%
Liquidity								
Current Ratio	1.4	1.1	0.9	2.1	1.4	1.5	1.7	1.4
Quick Ratio	0.9	0.5	0.6	1.2	1.1	0.8	1.0	0.9

LFY = Last Fiscal Year
LTM = Latest Twelve Months

Notes:

(1) For guideline companies with LIFO inventory accounting, EBIT and EBITDA have been adjusted to FIFO by adding the change in LIFO reserve for the respective time period.

(2) Represents the median of various analyst reports' estimates from Thomson Reuters, dated 8/6/07 through 12/20/07. The expected growth rates of certain guideline companies represents EBIT, operating income or gross profit.

Sources:

Capital IQ.

LTM 9/30/2007 and year ending 2006 statements of income are based on the "Unaudited Pro Forma Condensed Combined Financial Statements" for the Year Ended 12/31/2006 and Twelve Months ended 9/30/07 from the LyondellBasell company website:

<http://lyondellbasell.com/NR/rdonlyres/1D1DA4E0-2A44-46AF-BB69-B7AB452822A0/0/LyondellBasellProformas.pdf>. See EXHIBIT H.

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Refining	9/30/07 LTM EBITDA	Estimated 2007 EBITDA
	\$ 1,411	\$ 1,449
Chemicals (all other) ⁽¹⁾	3,373	3,164
Total EBITDA, before synergies & JVs	4,784	4,613
	100%	100%

(1) Excludes \$158 million income from affiliates and JVs in LTM 9/30/07 and \$117 million projected dividends from associates in 2007. The refining segment percentage is slightly lower for LTM 9/30/07 after including income from affiliates and does not change for Estimated 2007 when dividends are included.

LTM 9/3/07 EBITDA: See EXHIBIT H.
Refining segment from Confidential Information Memorandum Public Side Presentation, November 2007 [CITI_LYO0001274-377].
2007 Estimated EBITDA: "Project Hugo Projections Presentation, September 26, 2007" projections, page 3 [LYO-UCC00092606].

LyondellBasell Industries AF S.C.A.
Guideline Company Indications of Value
As of December 20, 2007

<i>(\$ in millions)</i>	Lyondell Basell Variable	Selected Multiple	Indicated Value	Weighting	Weighted Indicated Value
Total Invested Capital to EBITDA ⁽¹⁾	<u>EBITDA</u>				
Latest Fiscal Year	\$ 5,032	6.6 x	\$ 33,214	40%	\$ 13,286
Latest 12 Months	5,291	5.9 x	31,218	60%	18,731
				100%	\$ 32,017
Total Invested Capital to EBIT ⁽¹⁾	<u>EBIT</u>				
Latest Fiscal Year	\$ 3,361	8.9 x	\$ 29,910	40%	\$ 11,964
Latest 12 Months	3,528	8.3 x	29,282	60%	17,569
				100%	\$ 29,533

Notes:

(1) Includes equity income from affiliates. Also, adjusts guideline companies with LIFO inventory accounting from LIFO to FIFO by adding the change from beginning of period LIFO reserve to end of period LIFO reserve to the period's EBITDA and EBIT.
See Exhibit H for LBI EBITDA and EBIT.

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LyondellBasell Industries AF S.C.A.
Reconciliation of Guideline Company Approach to Value
As of December 20, 2007

<i>(\$ in millions)</i>	Total Invested Capital	Weight	Indicated Value
Total Invested Capital to EBITDA	\$ 32,017	90.0%	\$ 28,815
Total Invested Capital to EBIT	29,533	10.0%	2,953
		100.0%	
Indicated Value of Total Invested Capital on a Non-Controlling Basis			\$ 31,768
Less: Total LyondellBasell Debt, as of 12/31/07 ⁽¹⁾			24,828
Implied equity value on a non-controlling basis			\$ 6,940
Plus: Premium for Control, applied to equity ⁽²⁾		22%	1,527
Implied equity value on a controlling basis			8,467
Plus: Total LyondellBasell Debt as of 12/31/07			24,828
Indicated Value of Total Invested Capital on a Controlling Basis			\$ 33,295
Less: One-time cost of synergies ⁽³⁾			(195)
Indicated Value of Total Invested Capital on a Controlling Basis			\$ 33,100
Indicated Value of Total Invested Capital on a Controlling Basis, rounded			\$ 33,100

Notes:

(1) Includes short-term and long-term debt including OID and accrued interest, unfunded pension and other post-retirement obligations, commitments, contingencies and other liabilities and minority interests.

(2) Represents 22% control premium based on the Mergerstat control premiums for 2007 for transactions in the Chemicals, Paints and Coatings, Oil & Gas and Energy Services industries.

(3) Represents total one-time costs of synergies related to the total estimated combined companies' synergies of \$420 million as estimated and revised by the Company's management on or around October 2, 2007, according to the Goldman Sachs Credit Review dated October 2, 2007, page 21 (GSCP_LYON00043570).

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EXHIBIT R

LyondellBasell Industries AF S.C.A.
Market Approach - Guideline Company Transactions

Capital IQ Identifier	Target Company	Business Description
IQTR34454574	GE Plastics, Inc. (aka: SABIC Innovative Plastics)	SABIC Innovative Plastics provides engineering thermoplastic material solutions. Its products include resins, coatings, specialty film and sheet, color and aesthetics, and polymers. The company serves aerospace, building and construction, forestry, marine, recreational vehicles, and sign and display industries. SABIC Innovative Plastics was formerly known as GE Plastics, Inc. The company was founded in 1930 and is headquartered in Pittsfield, Massachusetts. As of August 31, 2007, SABIC Innovative Plastics operates as a subsidiary of Saudi Basic Industries Corporation.
IQTR34455817	Pioneer Companies Inc.	Pioneer Companies, Inc. and its subsidiaries engage in the manufacture, marketing, and sale of chlor-alkali and related products in North America. The company provides chlorine, caustic soda, bleach, hydrochloric acid, and sodium chlorate. Chlorine is used in the manufacture of water treatment chemicals, plastics, detergents, pharmaceuticals, disinfectants, and agricultural chemicals, as well as in water disinfection applications. Caustic soda is used in a range of manufacturing processes, including pulp and paper production, metal smelting, and oil production and refining, and in the manufacture of various end-use products, including detergents, rayon, and cellophane. Bleach is used primarily in water treatment and disinfectant applications. Hydrochloric acid is used in various industrial applications, such as oil drilling, food processing, steel production, energy generation, and mining. Sodium chlorate is principally used for bleaching pulp in the paper product industry. Pioneer Companies markets its products through its own sales force, as well as through distributors. The company was founded in 1987 and is headquartered in Houston, Texas. As of August 31, 2007, Pioneer Companies Inc. is a subsidiary of Olin Corp.
IQTR32836831	Millennium Inorganic Chemicals, Inc.	Millennium Inorganic Chemicals, Inc. produces titanium dioxide and titanium chemicals. It offers carbon dioxide, copperas, gypsum, hydrochloric acid, iron chlorosulfate, molten sulfur, titanium dioxides, sulfuric acid, and titanium chemicals. The company's products are used in coatings, paints, plastics, papers, rubber, and ceramics. Its clients include various industries, including plastic bags, aerospace parts, adhesives, agriculture and animal feed, catalysts, ceramics, chemical processing, commercial gases, construction, custom and fine chemicals, electronics, environmental, food and beverage, inks, metal finishing, metal manufacturing, paint and coatings, paper and pulp, photo catalyst, pigment manufacturing, plastics, elastomers, and water treatment. Millennium Inorganic Chemicals, Inc. was formerly known as SCM Chemicals, Inc. The company was founded in 1985 and is based in Hunt Valley, Maryland. As of May 15, 2007, Millennium Inorganic Chemicals, Inc. is a subsidiary of The National Titanium Dioxide Company Limited.
IQTR29213041	BorsodChem Zrt.	BorsodChem Zrt., together with its subsidiaries, engages in the production and processing of plastic raw materials, and the production of isocyanate in Europe. It offers caustic soda used as a raw material for aluminum oxide production; vinyl chloride for producing polyvinyl chloride (PVC); PVC resins used in the building and construction industry; and PVC compounds in the form of dry blends and granules used by producers of PVC films, sheets, cables, pipes, and packaging materials. The company also provides methylene-di-phenylene diisocyanate (MDI) that is used in manufacturing rigid insulation foams for the construction and refrigeration, as well as for vehicle components and furnishings; toluene diisocyanate (TDI) for manufacturing soft foams; aniline for producing cyclohexylamine used in the rubber industry; and ethyl benzene, toluene, and ethanol. In addition, it offers PVC compounds, such as stretch and rigid films, door, and window profiles, as well as provides electrical power, goods, maintenance, repair, and commercial and marketing services to third parties. It was formerly known as Borsodi Vegyi Kombinát. The company was founded in 1949 and is based in Kazincbarcika, Hungary.
IQTR29333305	SABIC UK Petrochemicals Holdings Limited	SABIC UK Petrochemicals Holdings Limited engages in the production and sale of basic chemicals and by-products. Its products include ethylene, propylene, aromatics, pyrolysis, gasoline, butadiene, and fuel oil. The company has logistical facilities in Wilton and North East Britain. SABIC UK Petrochemicals Holdings Limited was formerly known as Huntsman Petrochemicals (UK) Limited and changed its name to SABIC UK Petrochemicals Holdings Limited in 2006. The company is based in Redcar, the United Kingdom. As of December 29, 2006, SABIC UK Petrochemicals Holdings Limited is a subsidiary of SABIC Europe B V.
IQTR29487103	Eastman Chemical Company, Polyethylene Business	As of December 1, 2006, Polyethylene Business of Eastman Chemical Company was acquired by Westlake Chemical Corp. Eastman Chemical Company, Polyethylene Business manufactures polymers including polyethylene, Epolene, low density polyethylene (LDPE), linear low density polyethylene (LLDPE). The business also comprise of 200-mile, 10-inch ethylene pipeline from Mt. Belvieu, Texas to Longview, Texas. The business is located in Longview, Texas.

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EXHIBIT R

LyondellBasell Industries AF S.C.A.
Market Approach - Guideline Company Transactions

Capital IQ Identifier	Target Company	Business Description
IQTR27852470	Uniqema Nederland BV	Uniqema Nederland BV develops, manufactures, and supplies oleochemicals and their derivatives in the Netherlands and internationally. The company's products include fatty acids, polymerized fatty acids, isostearic acids, esters and amides, and glycerine and triacetin. Its raw materials serve as building blocks and effect chemicals in various applications, including personal care products, coatings and adhesives, detergents, plastics, elastomers, and foams, as well as in lubricants, polymers, oilfield chemicals, and cleaning. The company serves crop protection, fiber, health care, industrial, paper, rubber, soap, surfactant manufacturer, and textile auxiliary markets. It has manufacturing facilities in Chicago, Illinois; Klang, Malaysia; Emmerich, Germany; Gouda, the Netherlands; and Bromborough, the United Kingdom. The company was founded in 1999 and is headquartered in Gouda, the Netherlands. As of September 1, 2006, Uniqema Nederland BV is a subsidiary of Croda International plc.
IQTR26082914	Huntsman Corp., U.S. Butadiene and MTBE Business	As of June 27, 2006, U.S. Butadiene and MTBE Business of Huntsman Corp. was acquired by Texas Petrochemicals LP. Huntsman Corp., Butadiene and MTBE Business manufactures and markets butadiene, methyl tertiary butyl ethers (MTBE), and other based commodity chemicals. These chemicals are used in gasoline base blending, synthesis of artificial rubber, and manufacturing of car tires. The assets include a manufacturing facility, production equipment and machinery, and an inventory of raw materials. The manufacturing facility produces 900 million pounds of butadiene per year and over 11000 barrels of MTBE per day. The business is based in Port Neches, Texas.
IQTR26632328	Sico Inc.	Sico, Inc. engages in the formulation, development, manufacture, marketing, and distribution of paints, coatings, and related products. The company operates in two segments, Architectural and Industrial. The Architectural segment offers interior and exterior alkyl and latex paint and stains; varnishes, adhesives, caulking, and surface preparation products; specialized concrete repair and protection products; decorating tools; and sundries for the decoration, renovation, protection, and maintenance of consumers' and building owners' goods and properties, as well as transportation and specialized equipment used in agriculture, forestry, construction, and the mining industry. It also distributes industrial maintenance coatings and stains. The Industrial segment develops and commercializes industrial coatings for metal coatings, and specialty applications, such as metal furniture applications to the North American transportation equipment industry and the heavy machinery industry in North America. The company distributes its products through renovation centers, including big-box stores, department stores, hardware stores, and specialty paint and decorating stores. Sico was incorporated in 1941. It was formerly known as Sico Paint Limited and changed its name to Sico, Inc. in 1965. The company is headquartered in borough of Beauport, Canada. As of April 25, 2006, Sico Inc. is a subsidiary of Akzo Nobel NV.
IQTR24248580	Innovene Inc.	Innovene, Inc. operates as a petrochemical company. The company has two divisions, Petrochemical and Refining. The Petrochemical division manufactures and sells olefins and related products, which primarily include ethylene, polypropylene, butadiene, benzene, and styrene, polymers, which comprise polyethylene, polypropylene, polystyrene, and expandable polystyrene; and derivatives that consist of acrylonitrile, linear alpha olefins, poly alpha olefins, and polyisobutylene. It also offers solvents and industrial chemicals, which include synthetic ethanol, a solvent used in personal care products, inks, household chemicals, and industrial applications; ethylene oxide and derivatives, including ethylene glycols, which are used in polyester, antifreeze/coolants, and industrial detergents; and propylene oxide and derivatives, including propylene glycols that are used in polyurethane foam and polyester resins. The Refining division operates two refineries in Grangemouth, the United Kingdom, and Lavera, France. It manufactures and sells refined oil products, which include liquefied petroleum gas, naphtha, gasoline, jet fuel/kerosene, diesel, gas oil/heating oil, fuel oil, and asphalt. Innovene's customers include companies in various downstream industries involving rigid packaging, fibers, flexible packaging, and chemical intermediates. It markets and sells its products through its direct sales force, as well as through a network of third party distributors and agents worldwide. The company is headquartered in Chicago, Illinois. Innovene, Inc. previously an indirect wholly owned subsidiary of BP p.l.c. As of December 16, 2005, Innovene Inc. is a subsidiary of INEOS Enterprises Limited.

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EXHIBIT R

LyondellBasell Industries AF S.C.A.
Market Approach - Guideline Company Transactions

Capital IQ Identifier	Target Company	Business Description
IQTR23000716	Borealis AG	Borealis AG provides plastic solutions for infrastructure, automotive, and packaging applications primarily in Europe, the Middle East, and Asia. It offers polyolefin plastic solutions for various applications, including water and gas distribution, waste and sewage disposal, chemical and industrial projects, and in-house plumbing and heating, as well as oil and gas exploration and transport. The company also provides polyolefin compounds for low, medium, and high-voltage energy transmission and distribution cables; data and communication cables; and building and automotive wires. In addition, it offers plastic solutions to the automotive industry that are used for dashboards, door side claddings, front ends, air vent systems, bumpers, off-line painted body panels, and under-body shieldings; and packaging materials for various applications comprising healthcare, courier bags, food packaging, transport packaging, bottles, crates, boxes, trays, containers, and pallets. Further, the company produces phenol and aromatics, such as phenol, benzene, cumene, and acetone to the adhesive, fibre, epoxy, resin, and polycarbonate industries; and offers hydrocarbon feedstocks for its crackers, and olefins for its PE and PP plants. Additionally, Borealis produces melamine in Priestertitz, Germany; and Linz, Austria. Its melamine products include coatings, compounds for houseware, concrete liquefiers, paint resins, fiberboard binders, and fireblockers, as well as special resins in textile and paper finishing. The company is headquartered in Vienna, Austria. Borealis AG is a subsidiary of International Petroleum Investment Company.
IQTR12402199	Acetex Corp.	Acetex Corporation engages in the production of acetic acid and its derivatives; and the manufacture of specialty plastics resins and film products. Its Acetyl's business produces acetic acid, polyvinyl alcohol, and vinyl acetate monomer. These chemicals and their derivatives are used in a range of applications in the automotive, construction, packaging, pharmaceutical, and textile industries. The company's Specialty Polymers and Films business develops and manufactures specialty plastics resins and film products for various markets in North America. Specialty polymers are used in the manufacture of a variety of plastics products, including packaging and laminating products, auto parts, adhesives, and medical products. The Films business focuses on the products for agricultural, horticultural, and construction industries. Acetex operates production facilities in France, Spain, and Canada; and sells to customers primarily in Europe, the United States, and Canada. The company was incorporated in November 1994 as 634071 Alberta, Ltd. and changed its name to Acetex Corporation in December 1994. Acetex is headquartered in Vancouver, Canada. As of July 20, 2005, Acetex Corp. is a subsidiary of Celanese Corp.
IQTR20876788	Great Lakes Chemical Corp.	Great Lakes Chemical Corporation engages in the development and delivery of specialty chemical solutions worldwide. The company operates in two segments: Industrial Performance Products and Consumer Products. Industrial Performance Products segment offers polymer additive solutions and performance products to various markets, including consumer electronics, computers and business equipment, automotive, furniture, fibers, wire and cable, household appliances, communications equipment, building and construction materials, packaging, textiles, polymers, cosmetics, soil fumigants, water purifying, fire suppression, and optical monomers. It also provides flame retardants, polymer stabilizers and optical monomers, brominated performance products, fire suppression products, fluorine specialty products, and industrial water additives. Consumer Products segment provides recreational water care products and household products. This segment also offers nonabrasive bathroom cleaners, glass and surface cleaners, toilet bowl cleaners, drain openers, and rust and calcium removers, as well as the greased lightning family of multipurpose cleaners. The company's products are used to treat and purify water, eliminate germs and contaminants, and to protect against and extinguish fire. Great Lakes Chemical was incorporated in 1933 and is headquartered in Indianapolis, Indiana. Great Lakes Chemical Corp. operates as a subsidiary of Chemtura Corporation. On March 18, 2009, Great Lakes Chemical Corp filed a voluntary petition for reorganization under Chapter 11 in the US Bankruptcy Court for the Southern District of New York, in joint administration with Chemtura Corp.
IQTR20413673	British Vita Group Sarl	British Vita Group Sarl, through its subsidiaries, produces cellular and industrial polymers, engineered thermoplastic sheets, and nonwovens. Its products include polyether foam for furniture, bedding, transportation, automotive trim, and general industries; high-specification cellular polymers for building and construction; specialized polymeric products for hygiene and medical packaging, DIY, filtration, and protective clothing applications; and reticulated foams for open-cell foams, ink-jet printers, ceramic filters, and jet aircraft applications. The company offers impregnated foams, polystyrene, and latex foams for packaging and bedding applications; polyurethane and rubber underlays for carpet, wood, and laminate flooring; sheet extrusion for dairy and food packaging, and graphics; polyurethanes for construction and automotive industries; plastic compounding for automotive components, housewares, and toys; elastomers for medical and hygiene, and furniture and toy industries; rubber manufacturing for calendared rubber sheet, adhesives, and bonding agents; and polyester pads for mattress, upholstery, and fashion businesses. It also offers nonwoven pads for air and spray booth filtrations; needlefelts and other high-tech constructions for automotive, filtration, and building applications; home furnishing wadding and felts for flooring and under-carpeting applications; hygiene wadding and felts for diapers, femcare, and adult incontinence; technical wadding and felts for automotive and insulation products; and apparel wadding and felts for thermal insulation to high-performance clothing. British Vita Group Sarl was formerly known as British Vita PLC. The company was founded in 1949 and is based in Manchester, the United Kingdom. It has locations in Australia, Canada, Germany, Lithuania, New Zealand, Slovakia, the United Kingdom, Austria, Denmark, Hungary, Malaysia, Poland, Spain, the United States, Belgium, France, Italy, the Netherlands, Romania, and Sweden.

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EXHIBIT R

**LyondellBasell Industries AF S.C.A.
Market Approach - Guideline Company Transactions**

Capital IQ Identifier	Target Company	Business Description
IQTR13334574	PQ Corporation	PQ Corporation offers chemicals. The company was formerly known as Philadelphia Quartz Company and changed its name in 1978. PQ Corporation founded in 1831 and is based in Malvern, Pennsylvania. As of April 27, 2009, PQ Corporation operates as a subsidiary of Niagara Holdings, Inc.
IQTR28818584	Giant Industries, Inc.	Giant Industries, Inc., through its subsidiaries, refines and sells petroleum products in the southwest and East Coast of the United States. It operates in three segments: Refining Group, Retail Group, and Wholesale Group. The Refining group produces various grades of gasoline, diesel fuel, and other products from crude oil, other feedstocks, and blending components. It also acquires finished products through exchange agreements and from various suppliers. The Retail group operates service stations, which include convenience stores or kiosks. Its service stations sell various grades of gasoline, diesel fuel, general merchandise, including tobacco and alcoholic and nonalcoholic beverages, and food products to the general public. As of December 31, 2006, the company operated 158 operating units, including 155 service stations, 2 restaurants, and 1 full service car wash. The Wholesale group distributes commercial wholesale petroleum products, which include diesel fuel, gasoline, jet fuel, kerosene, motor oil, hydraulic oil, gear oil, cutting oil, grease, and various chemicals and solvents. The company sells these products under the trade names Phoenix Fuel, Firebird Fuel, Tucson Fuel, Mesa Fuel, PFC Lubricants, Dial Oil, and Empire Oil to customers in the mining, construction, utility, manufacturing, transportation, aviation, and agriculture industries. In addition, it offers various related services, including fuel management systems, tank level monitoring, and automated dispatch. Giant Industries was founded in 1964 and is headquartered in Scottsdale, Arizona. As of May 31, 2007, Giant Industries, Inc. operates as a subsidiary of Western Refining Inc.
IQTR28511172	Lyondell-Citgo Refining LP (nka:Houston Refining LP)	Houston Refining LP owns and operates sulfur crude oil refinery in Texas. The company produces various refined petroleum products, including gasoline; ultra low sulfur diesel; jet fuel; lubricants; and aromatics, such as benzene, toluene, paraxylene, and orthoxylene. Its products are used in automotive fuels, aviation fuels, diesel fuels, heating oil, and automotive and industrial engine lube oils. The company was founded in 1993. It was formerly known as LYONDELL-CITGO Refining LP and changed its name to Houston Refining LP in 2006. The company is based in Houston, Texas. Houston Refining LP is a subsidiary of Lyondell Chemical Company. On January 6, 2009, Houston Refining LP filed a voluntary petition for reorganization under Chapter 11 in the U.S. Bankruptcy Court for the Southern District of New York, Manhattan, in joint administration with Lyondell Chemical Company.
IQTR26991770	Paramount Petroleum Corporation	Paramount Petroleum Corporation engages in the manufacture and marketing of asphalt in the western United States. In addition to specialized roads and roofing asphalt products, the company also produces diesel fuel, jet fuel, heating oil, gasoline, and gasoline feedstocks. The company is based in Paramount, California. As of August 7, 2006, Paramount Petroleum Corporation is a subsidiary of Alon USA Energy, Inc.
IQTR22153611	Premcor Inc.	As of September 1, 2005, Premcor Inc. was acquired by Valero Energy Corp. Premcor, Inc., together with its subsidiaries, operates as an independent petroleum refiner and supplier of transportation fuels, heating oil, petrochemical feedstocks, petroleum coke, and other petroleum products in the United States. It owns and operates four refineries located in Port Arthur, Texas; Memphis, Tennessee; Lima, Ohio; and Delaware City, Delaware. The company's refined products primarily comprise gasoline; on and off-road diesel fuel, which is used primarily in agriculture and as railroad fuel; jet fuel; liquefied petroleum gas, which is used for home heating, and as chemical and refining feedstocks; petroleum coke, which can be burned for power generation or used to process metals; and residual oil, which is used primarily as heavy industrial fuel, such as for power generation, or to manufacture roofing materials or create asphalt for highway paving. Its transportation fuels include gasoline, on-road low-sulfur diesel fuel, and jet fuel. Premcor also produces various unfinished petrochemical feedstocks that are sold to chemical plants. It sells its products to approximately 1,200 distributors and chain retailers through its own product distribution system and third-party owned product distribution system. The company also sells its products in the spot market. Premcor was founded in 1988 and is headquartered in Old Greenwich, Connecticut.
IQTR9406795	Marathon Ashland Petroleum, LLC (nka:Marathon Petroleum Company LLC)	Marathon Petroleum Company LLC engages in refining, marketing, and supplying gasoline and distillates to resellers and consumers in the Midwest, upper Great Plains, Gulf Coast, and southeastern regions of the United States. The company focuses on offering fuels, petrochemicals, asphalt, and special products to private brand marketers and to commercial and industrial consumers. Its activities include operating stations; offering services, such as convenience store products, co-branded fast food, car washes, and mechanical repairs and service; and providing gasolines and distillates to retailers, unbranded jobbers, airlines, transportation companies, railroads, marine companies, and utilities. The company also offers asphalt, petroleum coke, and heavy oil for asphalt paving contractors, government entities, and asphalt roofing shingle manufacturers. In addition, it produces and markets petrochemicals and specialty products, such as aliphatic solvents, benzene, cumene, dilute naphthalene oil, molten maleic anhydride, molten sulfur, petroleum pitch, propane, propylene, toluene, and xylene. Marathon Petroleum Company LLC was formerly known as Marathon Ashland Petroleum LLC. The company was founded in 1998 and is based in Findlay, Ohio. As of June 30, 2005, Marathon Petroleum Company LLC operates as a subsidiary of Marathon Petroleum Company.

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LyondellBasell Industries AF S.C.A.
Market Approach - Recent Guideline Company Transactions
Performance Comparison

(\$ in millions)

Target/Issuer LTM Financials (at Announcement)										
CIQ Identifier	Target Company	Total Revenue	EBITDA	EBIT	EBITDA % of Revenue	EBIT % of Revenue	Net Income	Total Assets	Total Common Equity	
		(\$ in millions)	(\$ in millions)	(\$ in millions)	(%)	(%)	(\$ in millions)	(\$ in millions)	(\$ in millions)	
IQTR34454574	GE Plastics, Inc. (nka:SABIC Innovative Plastics)	\$ 6,650	\$ 1,100	\$ 674	16.5%	10.1%	N/A	N/A	N/A	
IQTR34455817	Pioneer Companies Inc.	\$ 513	\$ 93	\$ 68	18.1%	13.3%	\$ 58	\$ 530	\$ 192	
IQTR32836831	Millennium Inorganic Chemicals, Inc.	\$ 1,354	\$ 92	N/A	6.8%	N/A	N/A	\$ 1,756	N/A	
IQTR29213041	BorsodChem Zrt.	\$ 955	\$ 106	\$ 85	11.1%	8.9%	\$ 40	\$ 1,372	\$ 635	
IQTR29333305	SABIC UK Petrochemicals Holdings Limited	\$ 2,500	\$ 176	N/A	7.0%	N/A	N/A	N/A	N/A	
IQTR29487103	Eastman Chemical Company, Polyethylene Business	\$ 693	N/A	\$ 72	N/A	10.4%	N/A	N/A	N/A	
IQTR27852470	Uniqema Nederland BV	\$ 1,134	\$ 89	N/A	7.8%	N/A	N/A	\$ 835	N/A	
IQTR26082914	Huntsman Corp., U.S. Butadiene and MTBE Business	\$ 645	\$ 43	N/A	6.7%	N/A	N/A	N/A	N/A	
IQTR26632328	Sico Inc.	\$ 269	\$ 23	\$ 19	8.6%	6.9%	\$ 3	\$ 171	\$ 102	
IQTR24248580	Innovene Inc.	\$ 21,277	\$ 1,727	\$ 1,142	8.1%	5.4%	\$ 364	\$ 12,463	\$ 7,291	
IQTR23000716	Borealis AG	\$ 5,606	\$ 626	\$ 397	11.2%	7.1%	\$ 246	\$ 3,803	\$ 1,802	
IQTR12402199	Acetex Corp.	\$ 475	\$ 60	\$ 32	12.6%	6.7%	\$ (7)	\$ 474	\$ 62	
IQTR20876788	Great Lakes Chemical Corp.	\$ 1,604	\$ 153	\$ 56	9.5%	3.5%	\$ 20	\$ 1,802	\$ 876	
IQTR20413673	British Vita Group Sarl	\$ 1,794	\$ 169	\$ 86	9.4%	4.8%	\$ 57	\$ 1,316	\$ 694	
IQTR13334574	PQ Corporation	\$ 530	\$ 84	\$ 47	15.8%	9.0%	\$ 34	\$ 510	\$ 243	
IQTR28818584	Giant Industries, Inc.	\$ 4,095	\$ 146	\$ 104	3.6%	2.5%	\$ 108	\$ 1,124	\$ 483	
IQTR28511172	Lyondell-Citgo Refining LP (nka:Houston Refining LP)	\$ 8,147	\$ 499	\$ 402	6.1%	4.9%	\$ 350	\$ 2,057	\$ 246	
IQTR26991770	Paramount Petroleum Corporation	\$ 1,336	\$ 24	\$ 18	1.8%	1.3%	\$ 9	\$ 459	\$ 117	
IQTR22153611	Premcor Inc.	\$ 16,947	\$ 1,208	\$ 1,033	7.1%	6.1%	\$ 560	\$ 5,680	\$ 2,263	
IQTR9406795	Marathon Ashland Petroleum, LLC (nka:Marathon Petroleum Company LLC)	\$ 39,211	\$ 1,789	\$ 1,377	4.6%	3.5%	\$ 1,407	\$ 11,439	\$ 6,728	
Chemical	Average	\$ 3,067	\$ 324	\$ 243	10.7%	7.8%	\$ 91	\$ 2,276	\$ 1,322	
	Median	\$ 1,134	\$ 99	\$ 72	9.5%	7.1%	\$ 40	\$ 1,316	\$ 635	
Refining	Average	\$ 13,947	\$ 733	\$ 587	4.6%	3.7%	\$ 487	\$ 4,152	\$ 1,967	
	Median	\$ 8,147	\$ 499	\$ 402	4.6%	3.5%	\$ 350	\$ 2,057	\$ 483	
LyondellBasell Industries (1)		\$ 42,783	\$ 5,291	\$ 3,528	12.4%	8.2%	\$ 817	\$ 39,728	\$ 8,472	

Notes:

(1) Equity represents Fair Market Value of Equity based on Fair Market Value of TIC on a controlling basis as of the Valuation Date as determined by Capstone minus the book value of total debt including capital leases (excluding trade debt), minus minority interests, minus unfunded pension and other post-retirement obligations, and minus identified commitments, contingencies and other liabilities identified by Capstone as of December 31, 2007.

Sources:

Transaction data from Capital IQ and the following:

GE Plastics EBITDA from AMEinfo.com, <http://www.ameinfo.com/120960.html>.

GE Plastics EBIT from Merrill Lynch Company Update General Electric Co, 22 January 2007.

Millennium Inorganic Chemicals total revenue and EBITDA from LyondellBasell company website Earnings Press Release Fourth Quarter and Full Year 2006, <http://lyondellbasell.mediaroom.com>.

Millennium Inorganic Chemicals total assets from Lyondell Chemical Company Form 10K for Year ended 12/31/2007, page 103.

Eastman Chemical Company, Polyethylene Business total revenue and EBIT from Eastman's 3rd Quarter 2006 Sales and Earnings Tables, http://www.eastman.com/Company/News_Center/2006/Documents/2006Q3.pdf.

See Exhibits F and H for LBI financials.

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EXHIBIT S

LyondellBasell Industries AF S.C.A.
Market Approach - Guideline Transaction Multiples

Screening Criteria

- (1) Date closed: December 21, 2004 through December 20, 2007
(2) Control or ownership percent exceeds 50%
(3) Primary industry of target company in Commodity Chemicals, Diversified Chemicals or Oil and Gas Refining and Marketing industries

Chemicals

CIQ Identifier	Date Closed	Target Company	Buyer	Target Company Industry	Target Company Country	Implied Enterprise Value (\$ in millions)	Transaction Multiples ⁽³⁾	
							Implied Enterprise Value to EBITDA (times)	Implied Enterprise Value to EBIT (times)
IQTR34454574	8/31/2007	GE Plastics, Inc. (nka:SABIC Innovative Plastics)	Saudi Basic Industries Corp.	Commodity Chemicals	United States	\$ 11,600	10.5 x	17.2 x
IQTR34455817	8/31/2007	Pioneer Companies Inc.	Olin Corp.	Commodity Chemicals	United States	\$ 414	4.8 x	6.8 x
IQTR32836831	5/15/2007	Millennium Inorganic Chemicals, Inc.	Cristal Global	Commodity Chemicals	United States	\$ 1,200	13.0 x	N/A
IQTR29213041	2/28/2007	BorsodChem Zrt.	Permira Advisers Ltd.; Vienna Capital Partners Private Equity	Commodity Chemicals	Hungary	\$ 1,785	9.3 x	17.3 x
IQTR29333305	12/29/2006	SABIC UK Petrochemicals Holdings Limited	SABIC Europe B.V.	Commodity Chemicals	United Kingdom	\$ 826	4.7 x	N/A
IQTR29487103	11/30/2006	Eastman Chemical Company, Polyethylene Business	Westlake Chemical Corp.	Commodity Chemicals	United States	\$ 236	N/A	3.3 x
IQTR27852470	9/1/2006	Uniqema Nederland BV	Croda International plc	Commodity Chemicals	Netherlands	\$ 742	8.4 x	N/A
IQTR26082914	6/27/2006	Huntsman Corp., U.S. Butadiene and MTBE Business	Texas Petrochemicals Inc	Commodity Chemicals	United States	\$ 262	6.1 x	N/A
IQTR26632328	4/25/2006	Sico Inc.	Akzo Nobel NV	Commodity Chemicals	Canada	\$ 276	11.9 x	14.9 x
IQTR24248580	12/16/2005	Innovene Inc.	INEOS Enterprises Limited	Commodity Chemicals	United States	\$ 10,700	6.2 x	9.4 x
IQTR23000716	10/14/2005	Borealis AG	OMV Aktiengesellschaft; International Petroleum Investment Company	Commodity Chemicals	Austria	\$ 3,113	5.0 x	7.9 x
IQTR12402199	7/20/2005	Acetex Corp.	Celanese Corp.	Commodity Chemicals	Canada	\$ 489	7.0 x	12.1 x
IQTR20876788	7/1/2005	Great Lakes Chemical Corp.	Crompton Corp. (nka:Chemtura Corporation)	Commodity Chemicals	United States	\$ 2,134	13.9 x	34.7 x
IQTR20413673	6/8/2005	British Vita Group Sarl	Texas Pacific Group (nka:TPG); TPG Partners IV, L.P.	Commodity Chemicals	United Kingdom	\$ 1,310	7.8 x	15.2 x
IQTR13334574	2/11/2005	PQ Corporation	J.P. Morgan Partners, LLC	Commodity Chemicals	United States	\$ 742	6.3 x	9.1 x

Refining

IQTR28818584	5/31/2007	Giant Industries, Inc.	Western Refining Inc.	Oil and Gas Refining and Marketing	United States	\$ 1,454	9.4 x	13.8 x
IQTR28511172	7/31/2006	Lyondell-Citgo Refining LP (nka:Houston Refining LP)	Lyondell Chemical Company	Oil and Gas Refining and Marketing	United States	\$ 4,559	9.1 x	11.3 x
IQTR26991770	7/31/2006	Paramount Petroleum Corporation	Alon USA Energy, Inc.	Oil and Gas Refining and Marketing	United States	\$ 520	15.1 x	18.8 x
IQTR22153611	9/1/2005	Premcor Inc.	Valero Energy Corp.	Oil and Gas Refining and Marketing	United States	\$ 8,419	5.7 x	6.5 x
IQTR9406795	6/30/2005	Marathon Ashland Petroleum, LLC (nka:Marathon Petroleum Company LLC)	Marathon Oil Corporation	Oil and Gas Refining and Marketing	United States	\$ 3,667	2.0 x	2.7 x

Chemicals	Average	8.2	13.4
	Median	7.4	12.1
Refining	Average	8.3	10.6
	Median	9.1	11.3

Selected Multiples ⁽¹⁾	Chemicals	70%	6.7 x	10.9 x
	Refining	30%	8.2 x	10.2 x
			7.1 x	10.7 x

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EXHIBIT S

**LyondellBasell Industries AF S.C.A.
Market Approach - Guideline Transaction Multiples**

LyondellBasell Industries AF S.C.A. LTM (\$ in millions)	Selected Multiple (times)	Estimated Enterprise Value	Weight	Indicated Enterprise Value
EBITDA ⁽²⁾				
\$ 5,291	7.1 x	37,568	90%	\$ 33,811
EBIT ⁽²⁾				
\$ 3,528	10.7 x	37,750	10%	\$ 3,775
Indicated Enterprise Value ⁽³⁾				\$ 37,586
Less: One-time synergy costs				(195)
Indicated Total Invested Capital				\$ 37,391
Indicated Total Invested Capital, rounded				\$ 37,400

Notes:

(1) Selected discount to multiples: 10%

(2) See Exhibit H.

(3) Assumes LyondellBasell has no excess cash.

(4) Financial data sourced from Capital IQ unless noted below, without any adjustments.

Sources:

Transaction data from Capital IQ and the following:

GE Plastics EBITDA from AMEinfo.com, <http://www.ameinfo.com/120960.html>.

GE Plastics EBIT from Merrill Lynch Company Update General Electric Co, 22 January 2007.

Millennium Inorganic Chemicals EBITDA from LyondellBasell company website Earnings Press Release Fourth Quarter and Full Year 2006, <http://lyondellbasell.mediaroom.com>.

Eastman Chemical Company, Polyethylene Business transaction value from Westlake Chemical Corporation Form 10K for the year ended 12/31/06, page 69.

Eastman Chemical Company, Polyethylene Business EBIT from Eastman's 3rd Quarter 2006 Sales and Earnings Tables, http://www.eastman.com/Company/News_Center/2006/Documents/2006Q3.pdf.

LyondellBasell LTM 9/30/2007 from "Unaudited Pro Forma Condensed Combined Statement of Income" for the Year Ended 12/31/2006 and twelve months ended 9/30/07 from the LyondellBasell company website, <http://lyondellbasell.com/NR/rdonlyres/1D1DA4E0-2A44-46AF-BB69-B7AB452822A0/0/LyondellBasellProformas.pdf>.

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EXHIBIT T

Risks and Mitigants

	<u>Risks</u>	<u>Mitigants</u>
Merrill Lynch¹	<ul style="list-style-type: none"> High Initial Leverage 	<ul style="list-style-type: none"> The petrochemical cycle was expected to be strong through 2008, resulting in short-term deleveraging. Both LYO and Basell management teams had good reputations with investors and traditionally focused on lowering debt levels.
	<ul style="list-style-type: none"> Integration Risk 	<ul style="list-style-type: none"> Lyondell had a successful track record with integrating acquisitions and the merged assets were complementary.
	<ul style="list-style-type: none"> Possible Credit Downgrade 	<ul style="list-style-type: none"> Expected transaction expected to be received favorably by investors. Strategic nature of transaction outweighs higher leverage levels.
	<ul style="list-style-type: none"> Additional Capacity Comes Online 	<ul style="list-style-type: none"> No capacity is seen in the near term for the U.S. and expected Middle East additions have been delayed. China remained a net importer of olefins and polyolefin from the US through 2010.
	<ul style="list-style-type: none"> Cyclical Nature of Business 	<ul style="list-style-type: none"> Offset by geographic and product diversity. Companies have proven track record of reducing fixed costs during downturn.

	<u>Risks</u>	<u>Mitigants</u>
Citigroup²	<ul style="list-style-type: none"> Cyclicality of Petrochemical Business 	<ul style="list-style-type: none"> Consensus outlook for the industry over the short terms is positive due to limited additions to capacity. PO has lower cyclicality levels than other chemicals.
	<ul style="list-style-type: none"> Rising Energy and Raw Material Costs 	<ul style="list-style-type: none"> The scale of the combined company should provide LBI with purchasing advantages. Vertical integration of the combined company provides assurance to input costs.
	<ul style="list-style-type: none"> MTBE phase out 	<ul style="list-style-type: none"> LBI will be able to sell MTBE and other blending agents outside of the U.S.
	<ul style="list-style-type: none"> Volatility of Margins in Refining 	<ul style="list-style-type: none"> A tight domestic supply/demand market is expected to continue. Restrictive fuel requirements expected in the future will limit the ability of foreign refiners to enter the U.S. market.
	<ul style="list-style-type: none"> Lead Paint Litigation 	<ul style="list-style-type: none"> Most claims against LYO have been dismissed and in most of the cases that have reached court, LYO is indemnified. LYO has been able to recover almost all defense costs through its insurance.
	<ul style="list-style-type: none"> Contract Risk with PDVSA Oil 	<ul style="list-style-type: none"> Houston refinery can process multiple types of sour crude and could source crude from Mexico, Canada, and Petrobras if necessary.
	<ul style="list-style-type: none"> Environmental Liabilities 	<ul style="list-style-type: none"> Company has accrued substantial liabilities to deal with future environmental concerns at its facilities.
	<ul style="list-style-type: none"> Competition 	<ul style="list-style-type: none"> Merger creates one off the largest petrochemical companies in the world that is vertically integrated, a leader in

¹ Merrill Lynch Debt Markets Commitment Committee, dated July 15, 2007. ML-2004-227994 - 228047.

² Citigroup Commitment Committee Approval Memo, Project Hugo, dated July 15, 2007. Citi-LYO-0001024 – 0001097.

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EXHIBIT T

Risks and Mitigants

		technology, and has strong market positions.
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	<u>Risks</u>	<u>Mitigants</u>
Goldman³	<ul style="list-style-type: none"> Leverage Level 	<ul style="list-style-type: none"> Implied equity of the company provides cushion. LBI remains cash flow positive in trough year under Goldman's downside case.
	<ul style="list-style-type: none"> Cyclicality of Combined Business 	<ul style="list-style-type: none"> Ethylene demand is expected to grow 4% per year through 2009 with limited capacity additions. Merger creates second largest ethylene producer in the world making LBI better able to handle downturns.
	<ul style="list-style-type: none"> Operational Risks in Integrating Business 	<ul style="list-style-type: none"> The merged monomer and polymer businesses increases global production flexibility, reducing volatility. The benefits of vertical integration created by the merger outweigh possible integration issues.
	<ul style="list-style-type: none"> Excess and Competitively Priced Mid East Capacity 	<ul style="list-style-type: none"> Worldwide growth in demand should absorb new capacity. Political instability in the Middle East could hamper the timing of construction in the region, limiting supply.
	<ul style="list-style-type: none"> Lead Paint Litigation 	<ul style="list-style-type: none"> Historically, litigation against Lyondell has been unsuccessful. Lyondell's defense costs have been covered by the company's insurance.
	<ul style="list-style-type: none"> LYO has Low EBITDA Margins Compared to Peers 	<ul style="list-style-type: none"> Company's forecast is consistent with its historical performance due to leading market shares and end-market diversification.

	<u>Risks</u>	<u>Mitigants</u>
ABN Amro⁴	<ul style="list-style-type: none"> Cyclicality of Chemical Market 	<ul style="list-style-type: none"> The merger results in industry diversification, broadened geographic diversity and economies of scale for LBI.
	<ul style="list-style-type: none"> Dependency on Polyolefins and APO 	<ul style="list-style-type: none"> Merger adds new petrochemical products to the portfolio (e.g. Polyurethanes reduces dependence on Polyolefins).
	<ul style="list-style-type: none"> Additional Capacity from 2009 Onwards 	<ul style="list-style-type: none"> LBI will be sensitive to the petrochemical cycle, but the combined entities create more product diversity, especially when including the Refining business.
	<ul style="list-style-type: none"> Integration Risk 	<ul style="list-style-type: none"> Substantial synergies will be realized in the merger. The merger creates a vertically integrated business that is also geographically diverse.
	<ul style="list-style-type: none"> High Leverage 	<ul style="list-style-type: none"> Strong credit profile with acceptable levels of opening leverage.
	<ul style="list-style-type: none"> Revenue of EBITDA Might Be Lower than Expected 	<ul style="list-style-type: none"> Financing structure is based on a Base Case which was more conservative than management's outlook. Cushion from expected EBITDA savings annually of \$200 million (and likely to be higher).

³ Capital Committee Memo, dated July 16, 2007. GSCP_LYON0025809 – 0025828.

⁴ ABN AMRO Credit Memorandum, dated July 18, 2007. ABN_LYNB00007375 – 00007392.

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EXHIBIT T

Risks and Mitigants

	<u>Risks</u>	<u>Mitigants</u>
UBS ⁵	<ul style="list-style-type: none"> • Cyclical Businesses 	<ul style="list-style-type: none"> • The merged company now has five divisions that operate on different industry cycles.
	<ul style="list-style-type: none"> • Operating Rates in Petrochemicals are Expected to Decline 	<ul style="list-style-type: none"> • Petrochemical margins are expected to stay strong at least through mid-2009 and any weakness mitigated by expectations for solid refining margins.
	<ul style="list-style-type: none"> • New Mid East Supply 	<ul style="list-style-type: none"> • Since last trough, Basell and LYO have taken out \$700 million in costs and expect to achieve \$400 million in synergies. • Petrochemical operations are generally in the 1st and 2nd quartile of the cost curve.
	<ul style="list-style-type: none"> • Basell is Dependent on Former Parents for Monomer Purchases 	<ul style="list-style-type: none"> • Basell has reduced dependence on its former parents since the original transaction. • The merger creates a company that is no longer dependent on external suppliers for propylene monomer.
	<ul style="list-style-type: none"> • Event Risk Around Lead Litigation and Hurricanes 	<ul style="list-style-type: none"> • Lyondell retains insurance to cover lost profits and facilities are normally built to withstand hurricane force winds. • Lyondell maintains substantial insurance coverage of ~\$1.2 billion.
	<ul style="list-style-type: none"> • Supply Contract with PDVSA Oil 	<ul style="list-style-type: none"> • PDVSA Oil has an economic incentive to supply crude to Lyondell. • The margin contract has been replaced with a market based contract that runs through 2011.
	<ul style="list-style-type: none"> • Foreign Exchange Risk 	<ul style="list-style-type: none"> • Transaction risk is minor as local operations tend to buy and sell products in local currency. • The company maintains risk management controls systems to monitor foreign exchange risk attributable to forex positions and commitments. • The merged company's capital structure will include a significant portion of Euro denominated debt.
	<ul style="list-style-type: none"> • Uncertain JV Dividends and Restricted Use 	<ul style="list-style-type: none"> • Income from JV dividends is not substantial and the company does not have plans to utilize them to service debt. • The JV's have a strategic and M&A value in excess of their income contribution.

⁵ UBS Final Global Syndicated Finance Memorandum, dated October 24, 2007. UBS2004-0045256 – 0045312.

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EXHIBIT U

Base Case v. Downside Case

	Base Case	Downside Case
Merrill Lynch & Company Management¹	<ul style="list-style-type: none"> Basell EBITDA projections are based on Basell management projections dated July 2007. The 2008-10 EBITDAs are about 90%-95% of the company's Management Case, and the 2011+ EBITDAs are the same as Management Case. Lyondell Chemical projections are based primarily upon CMAI pricing, cash cost and utilization rates. Lyondell Refinery projections are based on Lyondell management projections dated July 200[7] (<i>sic</i>). In total, the Lyondell 2008-11 Base Case EBITDAs are about 90% of Management Case; and the 2012+ EBITDAs are the same as Management Case. During September-November 2007, the Base Case was further adjusted and modified based on further assessment/analysis, incorporation of new data, and incorporation of contemporary information². 	<ul style="list-style-type: none"> Basell EBITDAs are reduced by 25% from the Base Case for 2008-13. Lyondell Chemical EBITDAs are adjusted for olefins and polyolefins (i.e., CMAI's pricing was reduced gradually for 2008-2013), which resulted in 2011 ethylene and polyethylene cash margins below the most severe trough in 1992/1993; and reduced the PO chain margin by one percent. Lyondell Refinery EBITDAs are decreased to refining margins of \$10 in aggregate by 2010, which is consistent with historical trough crack and light/heavy spread levels. In total, the Lyondell 2008-11 EBITDAs are about 70% of Base Case, 2012 is about 80% of the Base Case, and 2013 is about 90% of the Base Case. Reduced Capex to maintenance levels for 2008-13.
Goldman Sachs³	<ul style="list-style-type: none"> EBITDAs in 2008-11 are the same as the September-November 2007 Base Case created by Merrill Lynch. Peak cycle in 2008, and trough of anticipated downturn in 2011. 	<ul style="list-style-type: none"> EBITDAs in 2008-11 are about 25% to 30% lower than the Base Case. Peak cycle occurs in 2007, and trough arrives one year ahead of Base Case, and is more severe.
ABN AMRO⁴	<ul style="list-style-type: none"> Provided by Basell management. 	<ul style="list-style-type: none"> The provided Base Case was modified resulting in a more severe down cycle, which according to industry experts is expected to "kick in" at the earliest in 2009, and will last approximately 2-3 years. The resulting Downside Case EBITDAs are lower than the Base Case by about 10% in 2008 and 15% during the downturn from 2009 until 2011. The 2012+ EBITDAs are expected to recover 90% of the Base Case EBITDAs. Revenue forecasts were kept similar to the Base Case, which is a conservative assumption as working capital and Capex are expected to stay similar as a percentages of revenue.

¹ Dated July 15, 2007; ML-2004-227994 - 228047.

² Dated September through November 2007; LYO-UCC00061926 - 00061965, ML-2004-012321 - 012463, and LYO-UCC 00350321 - 00350364.

³ Dated October 25, 2007; GSCP_LYON00044718 to 4751.

⁴ Dated July 21, 2007; ABN_LYNB00013493 - 00013509.

EXHIBIT U

Base Case v. Downside Case

	Base Case	Downside Case
UBS⁵	<ul style="list-style-type: none"> Starting EBITDAs are equivalent to the September-November 2007 Base Case created by Merrill Lynch/Company, and then are further modified as follows: PO&RP EBITDAs are trended down to 56% of original value in 2011. ECP&D EBITDAs in 2008-10 are 87% of original values, and in 2012-13 grow 5% over the prior year Refining EBITDAs in 2008-10 are at a \$200 million discount to the original values, in 2011 the discount was increased to \$300 million, and in 2012-13 the EBITDAs were decreased \$200 million over the prior year. Polyolefin EBITDAs in 2008-10 trend to trough more steeply, with further declines in 2011, and then grow at 6% in 2012-13 over the prior year. APO EBITDAs in 2008-09 are the same as the original values, and in 2010+ grow at 5% over the prior year. Technology EBITDAs in 2008-11 are the same as the original values, and in 2012+ grow at 5% over the prior year. Synergies grow to reach 80% of the original values. The ethylene business segments peak in 2008 and 2015, with a trough in 2011. Refinery business peaks in 2008 and has a 3 year trough from 2013 to 2015. 	<ul style="list-style-type: none"> PO&RP EBITDAs in 2008-09 are 95% of the one year forward Base Case (i.e., reach trough sooner), 2010-11 EBITDAs are 80% of one year forward Base Case, and 2012-13 EBITDAs grow out of the trough. ECP&D EBITDAs in 2008-09 are 93% of the one year forward Base Case (i.e., reach trough sooner), 2010 is the trough, and 2011-13 EBITDAs are 93% of the one year forward Base Case. Refining EBITDAs in 2008 are 95% of the one year forward Base Case (i.e., reach trough sooner), 2009 is 95% of the 2008 Base Case, 2010 is 95% of the 2010 Base Case with an adjustment for a 5-6 month shutdown, 2011 is at a 25% growth over the prior year, and 2012-13 EBITDAs are 91% of the Base Case one year forward. Polyolefin EBITDAs are 95% of the one year forward Base Case, with the trough year in 2010. APO EBITDAs in 2008-2011 decline to 70% of the Base Case, and 2012+ EBITDAs grow at 1% over the prior year. The Technology EBITDA in 2008 is the same as the Base Case, a more rapid decline in 2009 than the Base Case, the 2010-11 EBITDAs are the same as the Base Case, and 2012+ EBITDAs grow at 2.9% over the prior year. Synergies grow to reach 50% of the original values. Ethylene segments remain in drawn out troughs (2-3 years instead of 1-2 as in the Base Case). The Refinery business remains in drawn out trough from 2010 onward due to possible capacity uncertainty and macro economic risk. Assumes no insurance proceeds (neither revenue loss nor damage related). Ethylene related businesses and Refinery businesses trough at the same time. The down cycle arrives one year ahead of Base Case view.

⁵ Dated October 23, 2007; UBS2004-0045256 - 0045312.

EXHIBIT U

Base Case v. Downside Case

	Base Case	Downside Case
Citi⁶	<ul style="list-style-type: none"> ▪ Analysis began with 2008-11 EBITDAs that are slightly lower than the July 15, 2007 Management Case created by Merrill Lynch/Company, and then are further modified as follows: ▪ Total EBITDA in 2008-11 is about 5% lower than the Management Case. ▪ EC&D EBITDAs are based on the margins of the ethylene chain over time. ▪ PORP EBITDAs are held constant at a cycle average of \$650 million. ▪ Full credit for Lyondell management's estimates for the Refinery business. ▪ Basell EBITDA projections equivalent to the original values. 	<ul style="list-style-type: none"> ▪ EBITDA in 2008 is about 70% of the Base Case, declining to about 60% of the Base Case in 2010, and then increasing toward the Base Case thereafter. ▪ EC&D EBITDAs in 2007-11 are based on CMAI margins for ethylene, polyethylene and monoethylene; and 2012+ EBITDAs are based on Citi estimates. ▪ PO&RP EBITDA forecasts are based on Wall Street research. ▪ For Refining, the 3-2-1 crack spread was derived from the forward curve through 2010 (and assumed constant thereafter); and the Maya differential was based on Wall Street research projections through 2010 (and assumed constant thereafter). ▪ Sensitivities were created using deltas from the margins. ▪ The resulting EBITDA forecast was then cut by 20% in 2007, up to 45% by 2010, and then improved in the outer years.

⁶ Dated July 15, 2007; CITI_LYO_0001024 - 0001097.

EXHIBIT V

Summary GDP Growth Estimates

US

	<u>Forecast</u>					<u>2008-2012 Average</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
US 2008 Budget	3.0%	3.1%	3.0%	3.0%	2.9%	3.0%
GS (11/28/07)	1.8%	2.2%				
SocGen (12/07)	2.6%	2.8%				
HSBC (12/07)	1.9%	3.0%				
MS (11/07)	1.8%	2.9%				
Average	2.2%	2.8%				
Median	1.9%	2.9%				

<u>Eurozone</u>	<u>Forecast</u>					<u>2008-2012 Average</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
ECB forecast (4Q07)	2.1%	2.2%	2.1%	2.2%	2.2%	2.2%
GS (11/28/07) - EuroZone	1.7%	2.1%				
SocGen (12/07) - EuroZone	1.6%	1.9%				
HSBC (12/07) - Western Europe	1.6%	1.9%				
MS (11/07) - Europe	2.0%	2.5%				
Average	1.8%	2.1%				
Median	1.7%	2.1%				

<u>Asia</u>	<u>Forecast</u>	
	<u>2008</u>	<u>2009</u>
GS (11/28/07) - Asia	6.6%	6.8%
SocGen (12/07) - Total Asia	8.8%	
HSBC (12/07) - Ex Japan	8.4%	8.1%
MS (11/07) - Ex Japan	7.6%	7.6%
Average	7.9%	7.5%
Median	8.0%	7.6%

Weighted Average Calculation Based on 2008-2009 GDP Forecasts

	<u>% of Average LBI Projected 07-11 EBITDA</u>	<u>Average GDP Growth 08-09</u>	
Europe	27%	2.0%	0.5%
US/NA	68%	2.5%	1.7%
International/JV's ¹	5%	7.7%	0.4%
Total	100%		2.6%

Weighted Average Calculation Including Long Term GDP Forecasts for EU and US

	<u>% of Average LBI C</u>	<u>Average 08-12 GDP Growth</u>	
Europe	27%	2.2%	0.6%
US/NA	68%	3.0%	2.0%
International/JV's ¹	5%	7.7%	0.4%
Total	100%		3.0%

Note: LBI projected EBITDA for US/NA equal to LYO plus PO NA; Europe equal to PO Eur, APO, Tech, and Adjustments.

¹. Assumes LBI JV dividends in "International" group. Assumes average 2008-2009 Asia GDP growth for International/JV's.

Sources:

Budget of the United States Government: Fiscal Year 2008 (<http://www.gpoaccess.gov/usbudget/fy08/browse.html>).

ECB Real GDP Forecasts (http://www.ecb.int/stats/prices/indic/forecast/html/table_hist_rgdp.en.html).

Morgan Stanley "2008 Outlook - A More Difficult Year than 2007" November 2007.

HSBC Global Research "Goodbye to all that" Q1 2008.

Societe Generale Cross Asset Research "Global Economic Outlook" December 2007.

Goldman Sachs "Global Economics Weekly" November 28, 2007.

October 2007 Confidential Offering Memorandum [LYO-UCC00121357-442].

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EXHIBIT V

Summary Inflation Estimates

US

	<u>Forecast</u>					<u>2008-2012 Average</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
US 2008 Budget	2.6%	2.5%	2.4%	2.3%	2.3%	2.4%
GS (11/28/07)	3.5%	1.9%				
SocGen (12/07)	2.6%	2.4%				
HSBC (12/07)	2.4%	2.0%				
Average	2.8%	2.2%				
Median	2.6%	2.2%				

Eurozone

	<u>Forecast</u>	
	<u>2008</u>	<u>2009</u>
GS (11/28/07) - EuroZone	2.3%	2.0%
SocGen (12/07) - EuroZone	2.6%	2.1%
HSBC (12/07) - Western Europe	2.4%	1.9%
MS (12/07) - Europe	1.4%	1.3%
Average	2.2%	1.8%
Median	2.4%	2.0%

Asia

	<u>Forecast</u>	
	<u>2008</u>	<u>2009</u>
GS (11/28/07) - Asia	3.3%	2.5%
SocGen (12/07) - Total Asia	3.5%	
HSBC (12/07) - Ex Japan	4.8%	4.2%
Average	3.9%	3.4%
Median	3.5%	3.4%

Weighted Average Calculation Based on 2008-2009 Inflation Forecasts

	<u>% of Average LBI Projected 07-11 EBITDA</u>	<u>Average 08-09 Forecast</u>	
Europe	27%	2.0%	0.5%
US/NA	68%	2.5%	1.7%
International/JV's ¹	5%	3.6%	0.2%
Total	100%		2.4%

Weighted Average Calculation Including Long Term Inflation Forecasts for US

	<u>% of Average LBI Projected 07-11 EBITDA</u>	<u>Average Forecast</u>	
Europe	27%	2.0%	0.5%
US/NA	68%	2.4%	1.7%
International/JV's ¹	5%	3.6%	0.2%
Total	100%		2.4%

Note: LBI projected EBITDA for US/NA equal to LYO plus PO NA; Europe equal to PO Eur, APO, Tech, and Adjustments.

1. Assumes LBI JV dividends in "International" group. Assumes average 2008-2009 Asia inflation for International/JV's.

Sources:

Budget of the United States Government: Fiscal Year 2008 (<http://www.gpoaccess.gov/usbudget/fy08/browse.html>).

Morgan Stanley "Global Rebalancing is Not Smooth Sailing" December 2007.

HSBC Global Research "Goodbye to all that" Q1 2008.

Societe Generale Cross Asset Research "Global Economic Outlook" December 2007.

Goldman Sachs "Global Economics Weekly" November 28, 2007.

October 2007 Confidential Offering Memorandum [LYO-UCC00121357-442].

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Summary Timeline of Events Leading up to the Acquisition

Following are several significant events leading up to the Acquisition:

2005

1. May 5 - Access, through its affiliate Nell Acquisition S.á.r.l., acquired Basell from Royal Dutch Shell plc and the BASF Group.¹

2006

2. April 10 - Leonard Blavatnik and member(s) of Access management met with Smith, at which time Access expressed an interest in acquiring Lyondell.²
3. August 10 - Access submitted a written indication of interest to acquire Lyondell for a cash price of \$26.50 to \$28.50 per share.³ It was rejected by Lyondell's board of directors on August 14, 2006.⁴
4. In the period leading up to August 10, Merrill Lynch developed projections for Basell and Lyondell, which became known as the "August 2006 Base Case Projections".⁵
5. In August, Lyondell acquired the remaining interest in Houston Refining.⁶

2007

6. In March, Merrill Lynch assisted Access in updating the August 2006 Base Case Projections, including the preparation of a downside case.
7. May 11 – Lyondell received a letter stating that Mr. Blavatnik, through AI Chemical, would acquire at least \$567 million of Lyondell common stock and that Mr. Blavatnik would file a notification under the HSR Act on May 11, 2007, and might acquire over 50% of the outstanding shares of Lyondell stock.⁷

¹ LYO-UCC 00306268.

² LYO-UCC00001681.

³ Lyondell, SEC Schedule 14A.

⁴ LYO-UCC00001682-LYOUCC00001683.

⁵ Lyondell, SEC Schedule 14A.

⁶ Lyondell 10-K for the year ended December 31, 2006.

⁷ LYO-UCC00001684.

EXHIBIT W

8. May 15 – Lyondell sold its worldwide inorganic chemicals business.⁸
9. May 14 – Merrill Lynch and affiliates filed a Schedule 13G with the SEC regarding their ownership interest in Lyondell and agreements with Occidental and AI Chemical with regard to ownership of Lyondell shares.⁹
10. July 9 – Mr. Blavatnik met with Mr. Smith, CEO of Lyondell, and indicated that Basell might be interested in purchasing all outstanding Lyondell shares in an all-cash transaction, initially suggesting a price of \$40 per share. Later in the day, Mr. Blavatnik indicated to Mr. Smith that Basell could pay \$48 per share if Lyondell could sign an agreement by July 16 and agree to a \$400 million break up fee, with fully committed financing and without condition on obtaining financing.¹⁰ The Lyondell board met on July 10, 11, and 12 to consider Mr. Blavatnik’s indication of interest.¹¹ On July 16, after receiving a written proposal from Basell for the proposed transaction with fully committed financing, the Lyondell board voted to approve the merger agreement and to recommend to Lyondell’s shareholders that they adopt the merger agreement.¹²
11. July 16 - Citigroup Global Markets Inc., Goldman Sachs International, Goldman Sachs Credit Partners, L.P., Merrill Lynch, and Merrill Lynch Capital Corporation (collectively, the “Original Lead Arrangers”) issued a commitment to finance the purchase of Lyondell by Basell (the “Commitment Letter”).¹³
12. July 16 - Access and Basell sent a definitive proposal letter to Smith for consideration of the Lyondell board of directors along with the Commitment Letter from the Original Lead Arrangers.¹⁴ On the same day, the Lyondell board of directors held a special meeting and unanimously approved the transaction.¹⁵

⁸ Lyondell 2007 10-K, page 2.

⁹ LYO-UCC00001685.

¹⁰ LYO-UCC00001685 - 00001686.

¹¹ LYO-UCC0000168.

¹² LYO-UCC00001687 - 00001688.

¹³ ABN_LYNB00013172 - 00013218.

¹⁴ LYO-UCC 00001207 - 00001210.

¹⁵ LYO-UCC 00001687 - 00001688.

EXHIBIT W

13. July 16 - Deutsche Bank Securities, LLC issued a fairness opinion to Lyondell.¹⁶
14. August 8 - ABN AMRO Incorporated and ABN AMRO Bank N.V., issued a commitment to join the Original Lead Arrangers in the Commitment Letter and became a party to that agreement.¹⁷
15. October 29 - UBS Securities, LLC issued a commitment to join the Original Lead Arrangers and ABN AMRO as a lead arranger.¹⁸ Collectively, the Original Lead Arrangers, ABN AMRO, and UBS are referred to as the “Lead Arrangers”.
16. October 29 - the commitment was amended to add the Receivables ABL of \$1.15 billion, increase the Bridge Loan (“Bridge Loan Facility”) by \$1.0 billion and decrease the term portion of the Senior Credit Facility by \$1.55.¹⁹
17. In October, the CIM was completed for consideration by parties potentially interested in participating in the financing.
18. December 20 – The Acquisition closed. In connection with the Acquisition, Access contributed Basell equity to the combination.

2008

19. March 27 - Access entered into a \$750 million senior, unsecured eighteen-month revolving credit facility with LBI and its Lyondell and Basell Finance Company subsidiaries.²⁰
20. April 1 - LBI acquired the Shell Oil refinery in Berre l’Etang, France.²¹
21. Effective April 30, availability under the Inventory ABL was increased by \$600 million to \$1.6 billion, pursuant to the exercise of the accordion feature as described in Section III C.²²

¹⁶ LYO-UCC 00151838 – 00151840.

¹⁷ LYO-UCC 00230313 - 00230320.

¹⁸ UBS 2004-0039468 - 00399480.

¹⁹ LYO-UCC 00181777 – 00181853.

²⁰ LYO-UCC 00466325 – 00466413.

²¹ LBI Consolidated Financial Statements, Year Ended December 31, 2008.

²² Lyondell 10-Q for the quarter ended June 30, 2008, pages 15-16.

EXHIBIT W

22. In connection with the exercise of the accordion feature, the inventory available under the borrowing base increased \$150 million, related to what can referred to as “high seas inventory.”²³

²³ Amendment No. 1 to Credit Agreement, dated April 30, 2008. LYO-UCC 00334510.

LyondellBasell Industries AF S.C.A.
Summary of Balance Sheet Test Based on TIC
As of December 20, 2007
SENSITIVITY - No Company Specific Risk Premium and No
Discount to Multiples

<i>(S in millions)</i>	Weighted Indication of Value		
	Indicated FMV of TIC	Weight	Weighted Value
Market Approach - Guideline Companies	\$ 37,700	20%	\$ 7,540
Market Approach - Comparable Transactions	41,600	20%	8,320
Income Approach - Discounted Cash Flow	36,600	60%	21,960
		100%	37,820
Indicated Fair Market Value of TIC ⁽¹⁾			37,820
Less: Total Debts ⁽²⁾			24,828
Fair Market Value of Assets in Excess of Debts			\$ 12,992

Notes:

(1) Represents the Fair Market Value of Total Invested Capital ("TIC") determined on a controlling, going concern basis. TIC represents equity (common, preferred and minority interests) plus total interest-bearing debt and capital leases plus unfunded pension and other post-retirement pension obligations.

(2) See EXHIBIT G.

LyondellBasell Industries AF S.C.A.
Discounted Cash Flow Analysis - Based on Consultants' Sensitivity Case
(S in millions)

Inputs

WACC Used in Model	10%
Long-term Growth Rate	2.5%

Discounted Cash Flow Analysis

	2007	2008	2009	2010	2011	Terminal Value
EBITDA - Consultants Sensitivity Case	\$ 4,613	\$ 5,916	\$ 5,077	\$ 4,442	\$ 4,237	\$ 4,857 ⁽²⁾
Other	-	(18)	(18)	(18)	(18)	(18) ⁽³⁾
Synergies	-	200	340	420	420	420 ⁽⁴⁾
Implementation Cost	-	(155)	(40)	-	-	- ⁽⁴⁾
Base EBITDA	4,613	5,943	5,359	4,844	4,639	5,259
Depreciation		(1,282)	(1,313)	(1,330)	(1,341)	(832) ⁽⁵⁾
Amortization		(121)	(100)	(50)	(45)	- ⁽⁵⁾
EBIT		4,540	3,945	3,463	3,252	4,427
Base EBITDA		5,943	5,359	4,844	4,639	5,259
Change in Trade Working Capital		329	179	139	(214)	(87) ⁽⁶⁾
Change in Other Working Capital		197	87	40	85	37 ⁽⁶⁾
Change in Deferred Income		23	(14)	11	(1)	-
Taxes ⁽¹⁾		(1,589)	(1,381)	(1,212)	(1,138)	(1,549)
Employee Benefits/Bonus		(41)	(23)	(34)	(24)	(30) ⁽³⁾
Other		(97)	(178)	(145)	(99)	(130) ⁽³⁾
Operating Cash Flows		4,766	4,029	3,642	3,246	3,499
Capital Expenditures		(1,196)	(953)	(625)	(555)	(832) ⁽⁷⁾
Dividends from Associates		99	95	129	151	118
Debt Free Cash Flow	\$ 3,669	\$ 3,171	\$ 3,147	\$ 2,842		\$ 2,786
Debt Free Cash Flow	\$ 3,669	\$ 3,171	\$ 3,147	\$ 2,842		
Mid-year Present Value Factor (2008-11)	0.9535	0.8668	0.7880	0.7164		0.6830
Present Value	\$ 3,498	\$ 2,748	\$ 2,479	\$ 2,036		

Terminal Value:

Debt-free cash flow terminal year	\$ 2,786
Divided by: Capitalization rate	7.5% ⁽⁸⁾
Terminal Value	\$ 37,144
Present value factor	0.6830
Present value of terminal value	\$ 25,370

Implied TY EBITDA multiple:	7.1 x ⁽⁹⁾
TY as % of Total Present Value:	70%

Present value of projection period cash flows	\$ 10,762
Present value of terminal year	25,370
Cumulative Present Value (as of 12/20/07)	\$ 36,132

Indicated Value of TIC, rounded	\$ 36,100
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Notes:

- (1) Taxes calculated on a debt free basis assuming an incremental tax rate of 35%.
- (2) Terminal EBITDA estimated at average peak 2007 to trough 2011 EBITDA.
- (3) Estimated at average of previous four years.
- (4) Synergies fully realized by terminal year.
- (5) Depreciation in terminal year set equal to terminal year Capex.
- (6) Working capital accounts estimated to grow annually at long term growth rate.
- (7) Terminal year capital expenditures equal to 4 year projected average.
- (8) Computed as WACC of 10.0% minus long-term growth rate of 2.5%.
- (9) Computed as terminal value divided by terminal year Base EBITDA.

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